

EUROPEAN NEWS

Mintoff's successor has been reversing radical policies, Margie Lindsay writes

Bonnici quietly changes Malta's image

A COLLECTIVE sigh of relief was breathed by the population and the diplomatic community when former Maltese Prime Minister Dom Mintoff decided to hand over the reins of power in December 1984.

His hand-picked successor, Prime Minister Carmelo Mizzi, has since been steadily and quietly reversing most of Mr Mintoff's more radical policies and trying to put the country on a more even footing in time for the next election, planned for next May.

Despite portents from the opposition Nationalist Party leader, Mr Eddie Fenech-Adami, that the Labour Government is "only making cosmetic changes," the Prime Minister has changed both the domestic and international image of Malta since he came to office.

With a population of about 330,000, Malta is more akin to an English county town than a European power. However, its position in the Mediterranean, midway between Europe and North Africa and the Middle East, is seen (by the Maltese) as of strategic importance.

It is unlikely that Mr Bonnici or Mr Fenech-Adami would want to change Malta's non-aligned status. As Mr Bonnici explained recently, Malta's neutrality is active: it will allow neither the US nor the Soviet Union to use its ports for military vessels, nor will it allow a military base on the island. One of Mr Mintoff's first aims was the removal in 1979 of the Nato, British-run naval base. The re-appearance of a Nato base on the island is unlikely.



Mr Carmelo Mizzi... neutrality is active

Aside from patching up the differences with the British Government through the recent visit of the frigate HMS Brazen (although the people of Malta never displayed any anti-British feelings), Mr Bonnici is realistic about Malta's role within Europe.

After several years of Mr Mintoff's attempts at strengthening trade and economic ties primarily with Eastern Europe, North Africa and the Soviet Union, it is clear that the best and biggest investors in, and trading partners with Malta lie in Western Europe.

Although Mr Bonnici, unlike the Nationalist Party, does not advocate EEC membership, he is confident that an agreement outlining a special relationship between Malta and the EEC will be signed by the end of the year.

Meanwhile, Mr Bonnici has managed to calm one of the biggest—and potentially most explosive—issues on the island. This related to the funding of private, mainly Catholic, schools.

The debate, which at one stage looked likely to end in public disorder, was a legacy of Mr Mintoff. Mr Bonnici's more conciliatory approach meant that the row was cleared up.

Mr Bonnici's pragmatic approach is also seen in his economic policies. The current wage freeze and price control policy is likely to be lifted before the election. But the policies have helped to keep inflation down; it is now under 1 per cent.

Net foreign assets at end-May totalled M\$218.5m (£284m), despite a disastrous loss of M\$80m earlier in the year due to poor investment judgments by the Government under Mr Mintoff.

Malta's trade performance in the first half of the year was disappointing, with exports totalling M\$ 79.2m (£43.6m) compared with imports of M\$ 143.9m (£79m). But tourism, the main money earner, showed a healthy increase of just over 10 per cent in the first



Mr Eddie Fenech-Adami... "only cosmetic changes"

five months of this year, compared with the same 1985 period.

Mr Bonnici, unlike his predecessor, seems to recognise the importance and economic power of the private sector. The policy in which banks, energy, air travel and some other industries were nationalised is unlikely to be reversed by the present Government. But Mr Bonnici has begun a dialogue with the private sector, represented by the Federation of Industry.

This group recently commented on the Government's proposed three-year (1986-88) development plan, published in July. Although the Federation

is critical of some points, in the main it supports some of the main planks of the plan.

These include the setting up of an export promoting council, export credit insurance and an import substitution policy.

The main problem, as the Federation sees it, is attracting new investment to Malta. Although investment has continued during the Labour Party's term in office, it has dropped off over the past five years.

The more economically-balanced policies now being pursued by Mr Bonnici's Government may help reverse that trend, but the Nationalist Party insists that only it will be able to restore international confidence in the country.

The Nationalists intend, if elected, to limit the Government's control of the banks to a majority share-holding only. They would also put together a package of incentives geared at attracting new capital investment.

One of their main priorities, as with the Labour Party, is cutting unemployment, which is officially put at around 7.10 per cent, but according to the Nationalist Party, closer to 17 per cent.

Although it is now difficult to spot the differences between the two main political parties, in a country where arguing appears to be the favourite pastime, the pre-election period promises to be a lively one.

Jaruzelski hits at plea by Walesa on sanctions

By Christopher Bobinski in Warsaw

GEN Wojciech Jaruzelski, Poland's military leader, has sharply attacked a recent appeal by Mr Lech Walesa, former leader of the banned Solidarity union, and prominent Polish intellectuals, for the lifting of remaining Western sanctions.

Speaking in Katowice at the weekend, the general hinted at the possibility of renewed repression against those Solidarity activists who are openly attempting to secure a return of their banned union.

Solidarity's conciliatory statements were aimed merely at winning official tolerance, the general stressed.

This dismissive tone suggests that the general's hopes of broadening his base of support by getting independent-minded people with Solidarity sympathies onto an official advisory council he has suggested.

The speech to Communist Party delegates in Poland's most heavily-industrialised area came just after the publication of economic figures for the first nine months of the year. These show industrial output going up by 4.7 per cent, a record grain harvest of 25m tonnes, up 5 per cent on last year, but a 4.5 per cent fall in crucial hard currency sales abroad.

Italian lorry drivers clog roads in protest at safety decree

BY JOHN WYLES IN ROME

THE PATIENCE of the Italian car driver, a scarce commodity at the best of times, will be sorely tested by the remainder of this week by the presence on the country's ordinary roads of thousands of heavy lorries all scrupulously observing the 60 kph speed limit.

Until Sunday, the owners of up to 350,000 "autocars" are boycotting the motorways and promising strict observance of speed limits in protest at a government decree imposing new safety measures on the transport of heavy goods.

The prospect of lorry convoys stretching as far as the eye can see in itself poses a major safety hazard which the authorities hope to minimise. But it also threatens long delays in the delivery of everything from motor cars to perishable goods at a serious cost to the economy.

The traffic police plan to deploy a mini-squadron of 60 helicopters to detect the build-up of convoys and some 3,000 patrols to try to prevent them.

Given the ubiquity of the heavy lorry—which accounts for around 80 per cent of goods transported in Italy—there is no great confidence that the traffic managers will be up to the task.

The government decree which has just come into force was adopted last month in the wake of growing public concern about alleged dangerous driving practices of a minority of lorry drivers.

The climax came at the end of August when an entire family of seven died in the

early hours of one morning when a lorry crossed the central reservation of the main A2 motorway north of Naples and careered into their van.

The motorway speed limit for heavy vehicles is 90 kph and it has been claimed that the lorry was racing with another.

The transport companies are warning that the new decree is repressive and will push up transport costs by 30 per cent. It introduces heavier fines for speeding and penalties of up to 2.5m (€250) for overloading and travelling without the tachograph required by EEC law for monitoring speeds and hours worked. Drivers can lose their licences after three offences within 12 months.

The law applies equally to foreign lorries. It is expected which may be detained unless penalties are immediately paid, or unless the offender has a special insurance policy guaranteeing payment.

The government has been consistently promising to deal with one of the major underlying causes of the heavy lorry problem—the absence of an integrated transport policy. In particular, the efficiency of the state railways has fallen so low that they hardly compete at all with road carriage of goods.

The railways' 11.7 per cent share of the goods market is one of the lowest in Western Europe. Mr Claudio Signorile, Minister of Transport, is working on a plan for special lorry-carrying trains whose punctuality will be "guaranteed."

Controversy in France over Mali expulsions

BY PAUL BETTS IN PARIS

THE FRENCH Government has touched off a fresh political controversy by its decision to expel 101 illegal immigrants from Mali.

The immigrants were sent back to Bamako, the capital of Mali, in a DC-8 jet specially chartered by the French Interior Ministry. It was the largest single expulsion order and the first significant application by the Government of the toughened immigration law introduced at the beginning of September.

The law gives the French Administration full power to expel immigrants who do not have proper papers. The Mali nationals either did not have papers or had irregular papers.

The mass expulsion immediately provoked a bitter attack from French left-wing anti-racist organisations such as SOS Racisme, and various trade unions.

The move was also criticised by Mr Claude Malhuret, Secretary of State for Human Rights, who said the expulsions were perfectly regular but the spectacular way they were made "could have given to some people the impression that France had launched a hunt against foreigners."

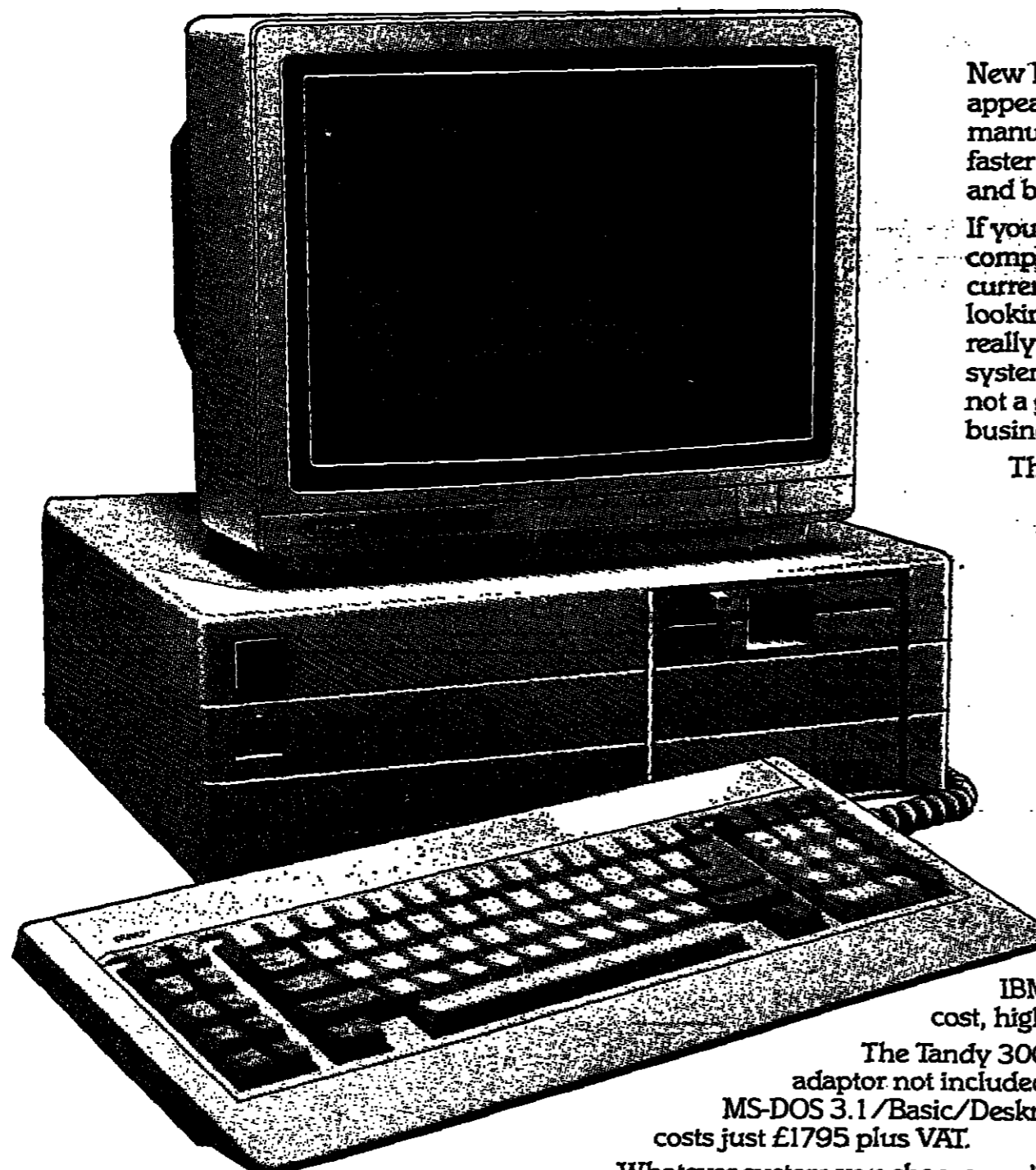
The expulsions come barely a month before President François Mitterrand is due to visit Mali. They have also rekindled controversy over the Government's decision to step up police search-and-arrest powers and toughen the immigration system.

The Government's harder line towards security and immigration had won broad public consensus during the past few weeks after the terrorist bombings in Paris last month.

However, many feel Mr Charles Pasqua, Interior Minister, and Mr Robert Pasquand, Security Minister, have acted too brutally in this first application of the new immigration law.

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EUROPEAN NEWS

West Germany urged to speed cuts in taxes

BY DAVID MARSH IN BONN

THE West German Government was urged yesterday by the country's five leading economic research institutes to speed up tax cuts to prevent growth next year running out of steam.

Although the five institutes are projecting further steady real growth in the West German economy of 3 per cent next year — the same as in 1985 — they pointed yesterday to the risks that expansion would ebb in the second half of 1987.

The debate about the German economic outlook is now focusing on the uncertainties for next year following the refusal of the Bonn Government during the last few weeks to give in to pressure from the Reagan Administration to take any short-term stimulatory action.

A strong body of opinion both abroad and at home — including senior figures from the Bundesbank, the West German central bank — has been calling for the Government's tax reduction plans, at present scheduled for January 1988, to be brought forward by a year.

Taking this measure, the five institutes yesterday argued in their regular autumn report on the economy, would guard against the danger that the present consumer-fuelled upturn would peter out.

The institutes said that the DM 10bn (£3.5bn) tax cut could be made retroactive to January 1 1987 if this measure was decided by Parliament around the middle of next year.

The centre-right coalition government, whose hopes of victory in the general election in January have been increased by the pick-up in the economy since the summer, wants to postpone until after the poll any discussion of possible stimulatory action for next year.

Yesterday's report from the five institutes — from Berlin, Hamburg, Essen, Kiel and Munich — forecasts that, even with the German upswing entering its fifth year in 1987, unemployment next year will remain above 2m.

With the rise in employment making up 0.5 per cent of the workforce next year, the number of people out of work is expected to total 2.12m next year against 2.22m this year, making up 8.5 per cent of the workforce against 9 per cent in 1986.

In spite of continued steady economic growth and a projected further sharp rise in import volumes, the institutes forecast only modest fall in Germany's large external surpluses.

The current account surplus is expected to total around DM 60bn next year after DM 70 bn in 1986.

The institutes say foreign exporters are benefiting from the domestic expansion and from the strong D-Mark to increase their share of the West German market.

But the persistence of high trade and current account surpluses next year will probably lead to more pressure from the US and other countries for West Germany to take expansionary action to suck in more imports.

On inflation, the institutes forecast a return to consumer price rise of 1.5 per cent next year after a fall of 0.5 per cent this year caused above all by the drop in the dollar and in the oil price.

Fresh twist in Neue Heimat tale

BY PETER BRUCE IN BONN AND ANDREW FISHER IN FRANKFURT

THIS WEEK'S conference in Hamburg of the big West German metalworker's union, I. G. Metall, was always going to be a highly charged affair.

Tough plans for forcing a cut in the working week to 35 hours would be hammered out. It has all turned out to be much worse.

On Sunday, just before the opening ceremonies, two policemen walked into the conference and demanded that Mr Alfons Lappas, 57, chairman of the giant holding company owned by West Germany's unions, be handed over to them for arrest.

They got him eventually, but not before the conference had whipped itself into a near frenzy of indignation and outrage that bodes even more ill for the bad relations between the unions and Chancellor Helmut Kohl's Government.

"I was taught by my teachers that 1933 would never happen again," roared Mr Günter Schröder, head of the police union, to wild applause. "Those responsible for this have chosen the I. G. Metall conference to show their power."

If that is true, it might have been a mistake. Though somewhat reduced by unemployment, the country's unions, most prominently I. G. Metall, are spilling for a fight with the Government and are actively campaigning against its re-election.

Mr Lappas, arrested on the orders of a parliamentary committee controlled by Mr Kohl's



Mr Horst Schiesser

have more to do with what he is thought to be planning for the rest of the BGAG holdings than with any specific embarrasements over Neue Heimat.

The Neue Heimat row has also raised doubts about whether the unions should be in business at all, because with the sale, the credibility of *gemeinwirtschaft*, or business for the collective good, has been ruined. Certainly, flotation with the debt-ridden Neue Heimat as a sister-company would have been impossible.

It may still not be. Neue Heimat's creditor banks have not let the BGAG off the hook yet. The affair has weakened bank shares on the Frankfurt Stock Exchange and anxious bankers are now studying a

thick wad of documents handed over to them during nine hours of talks with Mr Schiesser late last week.

Despite Mr Schiesser's confidence last Friday that he knew of no other banks taking independent action to protect their loans — as two do — there were no guarantees after the talks that some other creditor-banks would not try to place arrests on assets.

Mr Schiesser's strength, though, is the sure knowledge that the liquidation of Neue Heimat would be a greater disaster for the banks (and the Government and the unions) than for him.

Yet losses at Neue Heimat are running at some DM 600m a year. Mr Manfred Meier-Preschany, a former Dresdner bank executive called in earlier this year to help Neue Heimat recover, said last week that some DM 4bn needed to be pumped in to the group to save it.

All Mr Schiesser, who describes Neue Heimat as "a company capable of being cured," has won so far is an agreement by the banks to stand by their existing debt moratorium arrangements.

While the banks try to hold the ring and prevent more smaller creditors from calling in their loans too early, the Government appears to be trying delicately to separate bank shares on the future of Neue Heimat from its desire to attack the unions for selling it.

Opec paralysed by disagreement over surplus production

BY RICHARD JOHNS IN GENEVA

THE ORGANISATION of Petroleum Exporting Countries (Opec) remained paralysed last night by the deep division over distributing an extra 200,000 barrels a day of production during the last two months of 1986.

Prospects were still uncertain, after 15 days of the conference, for an interim pact limiting collective output and extending quotas. The quotas are due to expire at the end of this month.

Kuwait would not compromise its demand for a 10 per cent increase in its quota with the addition of another 90,000 b/d. It said any agreement would have to be on its terms.

The question was whether the majority would capitulate rather than risk a return to the free-for-all among members and a collapse of prices to less than \$10 per barrel. Kuwait has the support of Saudi Arabia and other Arab producers in the Gulf, accounting for five of the 13 members.

An extra 200,000 b/d would effectively raise Opec's ceiling to more than 17m b/d. Kuwait and Saudi Arabia have proposed that 90,000 b/d should go to Kuwait, 40,000 b/d to Qatar, 45,000 b/d to Ecuador and 25,000 b/d to Gabon.

Iraq is not a party to the interim pact. The United Arab Emirates (UAE) violated its quota of 850,000 b/d in September by about 350,000 b/d. Despite an assurance by UAE president Zayed at the start of this meeting that the country would curb its rate, no instructions have been given to the operating companies to cut export sales, according to industry executives.

Kuwait rejected out of hand an alternative proposal by Mr Rilwanu Lukman, Nigerian minister of oil, and current president of Opec. Under it Ecuador and Gabon would share 65,000 b/d. The rest, he suggested, should be distributed among other members (excluding Iraq) on the basis of the proportion set under the existing pact. The idea was that Saudi Arabia would make over its extra entitlement to Kuwait thereby giving the latter an additional 45,000 b/d.

This was totally unacceptable to Kuwait and therefore, its allies, which are seeking to exert once and for all their decisive muscle, particularly at the expense of Iran.

Kuwait wants to establish its "right" to a bigger share of Opec output and parity with Libya, which has a quota of 990,000 b/d under the present arrangement.

EEC ministers step up fight for small businesses

BY WILLIAM DAWKINS IN BRUSSELS

EUROPEAN industry ministers yesterday for the first time put their full authority behind efforts to reduce administrative burdens on businesses in the community.

They agreed that cutting away at the tangle of red tape was of prime importance in assisting the growth of small and medium-sized enterprises and thus in reducing unemployment. Business deregulation, they emphasised, was a necessary part of the creation of the internal market, a task which the EEC is pledged to complete by 1992.

"The removal of administrative burdens on business is as important as the harmonisation of regulations. It is vital that measures designed to help businesses do not inadvertently cause them further difficulty," said Mr Giles Shaw, Minister of State at Britain's Department of Trade and Industry and president of the Council of Industry Ministers.

Mr Shaw added that the UK would "be working hard to get real progress" on these measures before the European Council meets in London in December.

Yesterday's declaration was designed to add muscle to the efforts of a small task force set up in June within the European Commission to scrutinise the business costs of community regulations, to assess the financial impact of job creation measures and to co-ordinate the commission's work in this sector.

Under Mr Abel Matutes, the Spanish commissioner with special responsibility for small businesses, the task force now submits analyses of the costs for companies complying with each new commission proposal. Its approval must be secured for each new measure that might have an impact on businesses.

The task force has also commissioned a review from a private legal firm on the implications of existing regulations.

Portugal meets goal of cutting inflation to 12%

BY DIANA SMITH IN OPORTO

PORTUGAL'S minority Social Democrat government broadly met its 1986 goal of bringing down high inflation from 19.5 per cent in 1985 to 12 per cent this year, according to Mr Miguel Cadilhe, the finance minister.

In a confidently optimistic speech to the annual seminar for 140 foreign bankers organised by the Banco Portugues do Atlantico, Mr Cadilhe stressed that the successful reduction of inflation in 1986 plus correction of current account imbalances — with a balance of payments surplus of \$1.5bn (£1.04bn) this year against a forecast \$700m deficit — more flexible wage policy, stabilisation of the escudo and easier credit, had stimulated much-needed new investment.

He forecast that investment would grow by 10 per cent in 1987.

Last week, introducing the 1987 budget, Mr Cadilhe stressed that indicators pointed to a healthy increase in investment this year — with marked improvement over previous years in consumption of cement, in housing loans, and in imports of transport materials and machinery.

In 1987, Mr Cadilhe predicted, inflation would be 6 or 9 per cent, dropping close to European averages at 5 or 6 per cent by 1988. The current account surplus in 1987 should be \$600m.

The government's medium-range goal, the minister added, was to cut back the large public sector deficit. This process had begun this year, when the real deficit, compared with the forecast deficit, would drop to 10 per cent of GDP, against a forecast of 10.9 per cent.

In 1987, the forecast state deficit of £e 435bn (£2,065bn) would represent just under 9 per cent of GDP.

Hopes rise for break in Belgium's political crisis

BY TIM DICKSON IN BRUSSELS

THE POSSIBILITY of a three-month truce to Belgium's bitter linguistic dispute provided a glimmer of hope yesterday that the country's growing political crisis can yet be averted.

Observers in Brussels pointed out, however, that much will depend on how Mr Wilfried Martens, Prime Minister of the centre-right coalition of Christian Democrats and Liberals, answers opposition questions on the subject in Parliament this Thursday.

Divisions between the French and Flemish speaking wings of the Christian Democrat party (respectively the PSC and CVP) were opened up earlier this month by the sacking of Mr Jose Happort, the French-speaking mayor of Les Fourons for refusing to speak the official local language, Flemish.

An attempt this weekend to find a compromise solution ended with the resignation of Interior Minister Charles Ferdinand Nothomb.

The idea of a truce was first raised on Sunday by the French-speaking Christian Democrats and cautiously endorsed yesterday by the CVP. It came with comments on all sides that the Government's economic and social reforms should take priority over other problems.

Last night, however, agreement seemed as far away as ever on the question of what happens to Mr Happort in the interim.

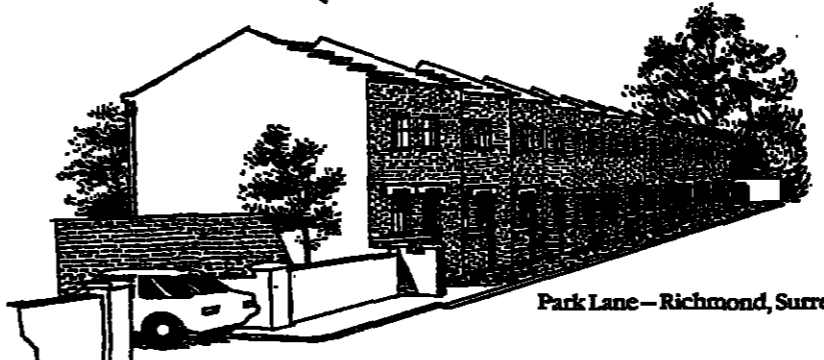
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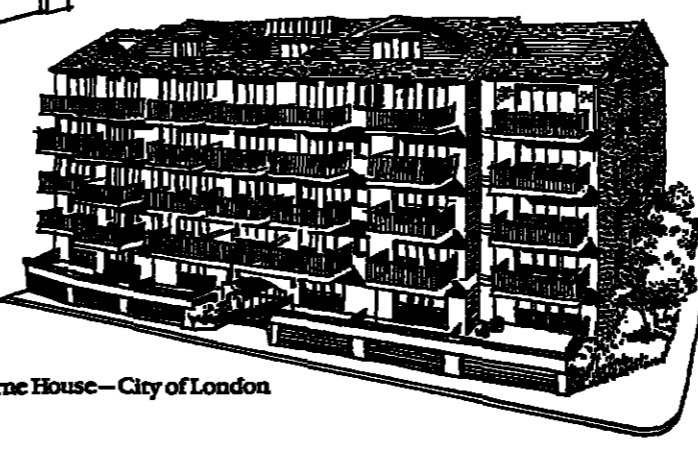
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AMERICAN NEWS

Weinberger breaks ranks on Star Wars

BY LIONEL BARBER IN WASHINGTON

THE REAGAN Administration's attempt to put across a unified line on arms talks with the Soviet Union broke down yesterday when Mr Casper Weinberger, the US Defence Secretary, announced he was opposed to any limit on testing of the strategic defence initiative (SDI), the space-based defence system.

White House angered by expulsions

THE WHITE HOUSE yesterday expressed outrage at the Soviet expulsion of five American diplomats, Reuters reports from Washington.

Presidential spokesman Mr Larry Speakes said the United States rejected Moscow's contention that the five had engaged in activities "incompatible with their official status," a euphemism for spying.

Mr Speakes said the embassy had protested in Moscow when told of the expulsion order but no written protest yet had been lodged.

Nicaragua puts captured US airman on trial

BY PETER FORD IN MANAGUA

THE AMERICAN airman captured by the Nicaraguan army earlier this month went on trial before a revolutionary tribunal yesterday accused of violating national security by delivering arms to the US-backed Contra rebels.

Mr Eugene Hasenfus was charged under Nicaragua's law for the maintenance of arms and public security. He has undergone two weeks of interrogation since he was shot down on October 5, and faces up to 30 years in jail.

His trial is expected to be fairly brief. The popular Anti-Somocista Tribunals (TPAs), created to try national security cases, are designed to dispense speedy justice, outside the normal judicial system.

This approach has drawn criticism from international human rights groups, who have argued that the accused do not have time to prepare an adequate defence. A US embassy official said Washington would be satisfied if Mr Hasenfus received a fair trial. "He will

Heavy demand likely as US eagle coin takes off

BY DAVID OWEN IN CHICAGO

THE RAGERLY awaited US eagle, the first gold coin minted by the US Government specifically for the purpose of investment, was launched yesterday with the first orders being taken from 25 direct distributors worldwide.

Initial demand for the coin, which will be 91.67 per cent gold and available in one tenth, one quarter, one half and one troy ounce, is expected to be extremely heavy, with gold dealers reporting considerable pent-up interest both in the United States and elsewhere.

The launch comes at a time when gold prices are riding high at \$425 per troy ounce after an extended lacklustre period.

The eagle is one of a number of new bullion coins planned by various governments to take advantage of the widespread ban on the Kruggerand, the South African former market leader.

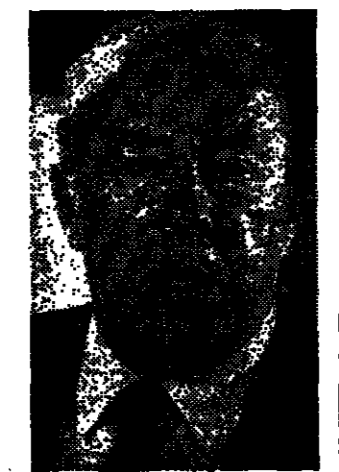
The Kruggerand's dominant position has now been usurped by the Canadian maple leaf, a 99.99 per cent gold coin available since 1978. In 1985, the maple leaf commanded an estimated 65

limit what we do is an attempt by the Soviets to maintain the monopoly that they have had as they worked on this (an anti-missile defence) for 17 years." He said the US should not agree to any testing limits because everything possible should be done to enable deployment of the system.

Over the weekend, Mr George Shultz, Secretary of State, Mr Donald Regan, White House Chief of Staff, and Admiral John Poindexter, National Security Adviser, all suggested that there was the possibility of reaching an arms control agreement with the Soviet Union.

The Soviet position has been unclear in recent days, with conflicting statements by officials on whether proposals for deep cuts in strategic nuclear arms were linked to an agreement on SDI testing which they had insisted should be confined to the laboratory.

Mr Shultz suggested in a weekend interview that the apparent linkage might be broken at arms talks in Geneva. The latest statement by Mr Speakes is a sign that the Soviets may be modifying their position.



Shultz: promise of action

25 Soviet employees of the United Nations to leave. The United States would continue with its instructions to the Soviet Union to cut its contingent at the UN.

The expulsions were not expected to be a major setback in US-Soviet relations.

Samba songs seduce baffled Brazilian voters



BRAZILIAN ELECTION

BY IVO DAWNAY IN RIO DE JANEIRO

SIXTY-NINE million Brazilian voters, 28 per cent of them illiterate, have now just under one month to make up their minds who will represent them in Congress, in a new constitutional convention, and in 23 state assemblies and governors' palaces.

The elections, the most important since the military coup of 1964, are baffling in their complexity, the mechanics and their implications. Thousands of candidates are competing, representing 39 parties, largely ill-defined ideology.

In Brazil's federal district alone, voters will be faced with a voting paper offering a choice of 89 nominees for senator. So numerous are the other candidates that voters will have to write in their names or poll numbers, or alternatively just tick a party box.

There is no lack of advice over who to tick. City streets are plastered with posters, pamphlets rain from party car windows, radio channels throb with electoral samba-songs, and every night on television an hour is allocated to the politicians on the basis of past party performance.

These slots vary from impressive to hilarious. The leading candidate for Rio de Janeiro, Mr Moreira Franco, for example, has time to produce a daily campaign "News" programme, complete with advertising breaks for himself. The "green" candidate—an ex-guerrilla who once kidnapped the US ambassador—recently

produced a technologically stunning film of the city in the throes of a Chernobyl-style nuclear accident.

But for most candidates there is barely time to blurt out their name, party and number before they are ruthlessly cut off for the next breathless hopeful.

To many Brazilians, the elections on November 15, are little more than unseemly theatricals in which the perennially privileged will share out their exclusive political pie.

The costs of the process would seem to bear them out. A successful candidate for federal deputy can expect to spend between \$100,000 and \$425,000 on his campaign to gain a post with a salary of \$3,000, one embittered drop-out claimed. In the key governorship of Sao Paulo, the two principal runners are both multimillionaires and neither has denied reports that he is spend-

ing some \$60m, the kind of money that used to win US Presidential races not long ago.

Such profligate spending has been provoked by three factors. First, the elections are seen as an important gauge of the popularity of President Jose Sarney's Government. They will define the significance or otherwise of many new parties and indeed the relative strength of Brazil's democracy, 20 months after the military surrendered power.

Perhaps more importantly, however, those elected will also form the political and ideological raw material for the definition of a new constitution—the country's eighth since independence in 1825.

Lastly, the polls will give the first clear clues as to who could be the most potent candidates for the Presidential succession—the factor that more than any other has inspired the big spenders in the governorship races.

For many observers the security of Brazil's embryonic democracy remains a paramount issue. Mr Helio Jaguaribe, the distinguished political scientist charged with formulating a strategy for social policy until 2000, said last week: "Military rule is not a beast we are vaccinated against forever. We have time—perhaps until the Presidential elections—to get social democracy established.

But if economic failures provoke radicalism and disturbances in the relationship between labour and capital,



Mr Sarney . . . freedom of manoeuvre



Mr Maluf . . . charismatic right wing populist

Signs of overheating in the economy and chronic shortages in the shops have been provoked by an apparently unstoppable consumer boom, but only the small Workers Party (PT) and the left wing governor of Rio de Janeiro, Mr Lionel Barbra, have raised it as an issue.

According to Professor David Flischer, of the University of Brasilia, the PMDB looks set to win a clear majority of the lower house, taking some 244 seats, and should also dominate the Senate.

Progressive social democrats like Mr Jaguaribe fear victories by the largely working class party of Governor Brizola in Rio and by Mr Paulo Maluf, a charismatic populist of the right, who has made substantial headway uniting Sao Paulo's authoritarian middle-classes and the state's dispossessed migrant workers.

"The struggle is between the organic parties and the populist movements," Mr Jaguaribe says. "The fact is that today the majority of sophisticated people are ready to accept the social democratic compromise—higher taxation and a certain containment of lifestyle of the rich."

At present, it looks as if both Mr Brizola and Mr Maluf will lead their campaigns raising expectations that the Government will have to meet. Order and progress, the proud objectives emblazoned on Brazil's national flag, may be no more easily achieved after November 15 than before.



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WORLD TRADE NEWS

US overtakes UK in collaborations with India's industry

BY JOHN ELLIOTT IN NEW DELHI

THE US has replaced the UK as one of India's major sources of industrial collaboration for technical co-operation and equity investment... The US study is also important because it tries to assess the number of current collaborations...

Cyprus barter move

BY SIMON HENDERSON, RECENTLY IN NICOSIA

CYPRUS HAS asked the Commonwealth Secretariat in London to help organise advice on countertrade policy... The Secretariat, through the Commonwealth Fund for Technical Co-operation...

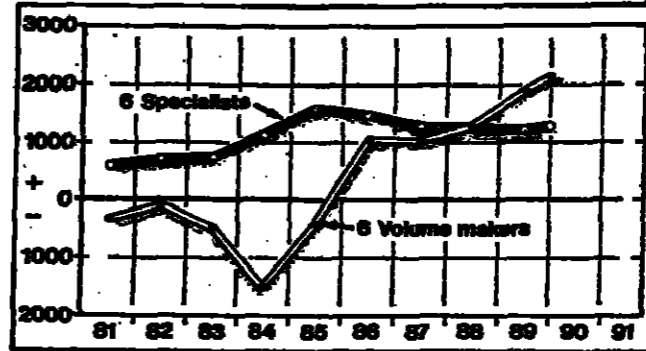
Financial revival for Euro-motor industry

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

A MAJOR revival of the European motor industry's financial fortunes is under way which will propel it to an aggregate net profit of \$2bn in 1986... Recovery has been encouraged by the industry's efforts to reduce costs...

The industry has shed 10 per cent of its direct labour in the past five years and invested very heavily in flexible automation... External - and temporary - factors contributing to the recovery included the oil price fall...

EUROPEAN CAR MAKERS' NET PROFITS (millions ECU)



EEC-Asean to set up investment committee

By John Murray Brown in Jakarta

A JOINT investment committee is likely to be set up as a result of the EEC-Asean (Association of South-East Asian Nations) foreign Ministers meeting... The six-member Asean group, made up of Indonesia, Malaysia, Thailand, the Philippines, Singapore and Brunei...

France signs deal to supply Saudi navy

By Fina Berre in Riyadh

FRANCE HAS signed an agreement to provide supplies and technical help to the Saudi Arabian navy... The contract, for an undisclosed amount and duration, covers the four Escort-carrying frigates France has sold to the Saudis...

Tokyo agrees to talks on skis row

BY CARLA RAPOPORT IN TOKYO

EUROPEAN SKI manufacturers have agreed to start talks with Japanese consumer safety officials in Tokyo on the row over ski equipment standards... Neither side, however, is optimistic about an early settlement to the dispute...

companies which is aimed at revising the ski safety standard, called the SG mark... The association says that it has put SG marks on 72 items to date and has done so for safety reasons, not to create trade barriers...

Malta seeks redress on Italian trade

By Geoffrey Grims in Valetta

DR CARMELO MIFSUD BONNICI, Malta's Prime Minister, has renewed his call for Italy to redress a £M 40m (£30m) trade imbalance with Malta... Dr Mifsud Bonnici disclosed that shipments to Italy last year stood at £M 17.5m while imports from that country rocketed to £M 57m...

Japanese looses take off with US order

BY OUR TOKYO CORRESPONDENT

FIRST came cars, then came electronics; now comes the Japanese toilet... The Boeing contract, to fit 15 lavatories in each of 200 to 300 jumbo jets over the next few years, is estimated to be worth about \$125m (\$98.5m)...

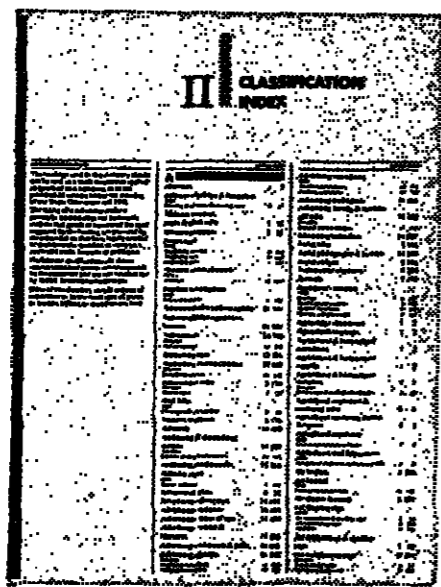
built a toilet that Boeing of the US wants to put in all its new 747 jumbo jets... The Boeing contract, to fit 15 lavatories in each of 200 to 300 jumbo jets over the next few years, is estimated to be worth about \$125m (\$98.5m)...

250 per cent stake, is now considering expanding its factory and taking on employees, while most of Japan's exporters are considering how to lay off staff and cut back capacity... It is understood that Boeing, which has about 40 per cent of the aerospace jet test market, particularly liked the low weight and Jamco's streamlined design...

Petrofina signs Moscow deal

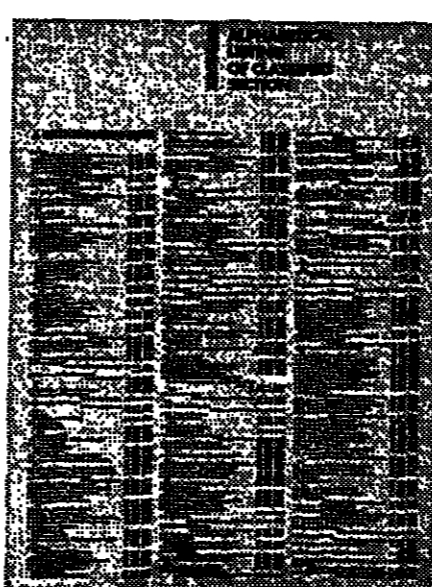
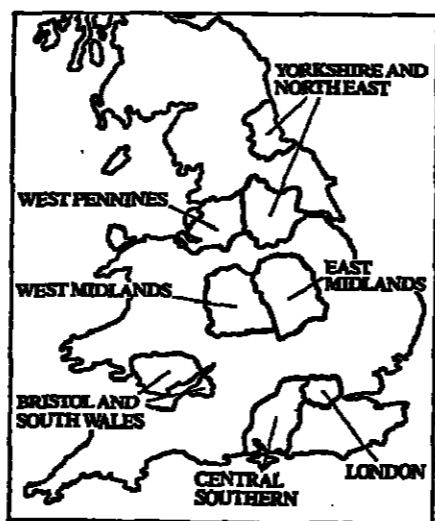
PETROFINA, Belgium's largest industrial company, said it has signed a scientific and technical co-operation agreement with the Soviet Union... It said the co-operation would initially cover the chemical, petrochemical, biotechnology and industrial energy saving sectors...

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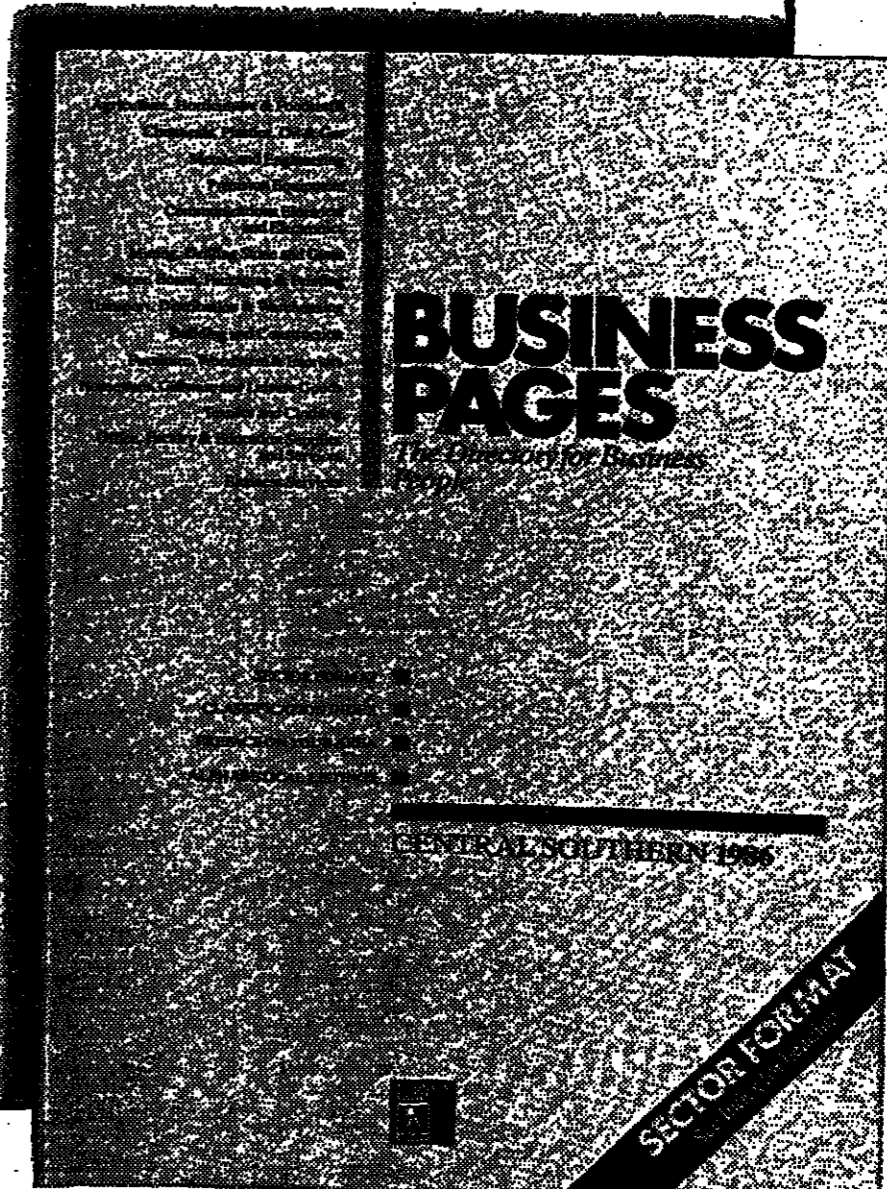


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TECHNOLOGY

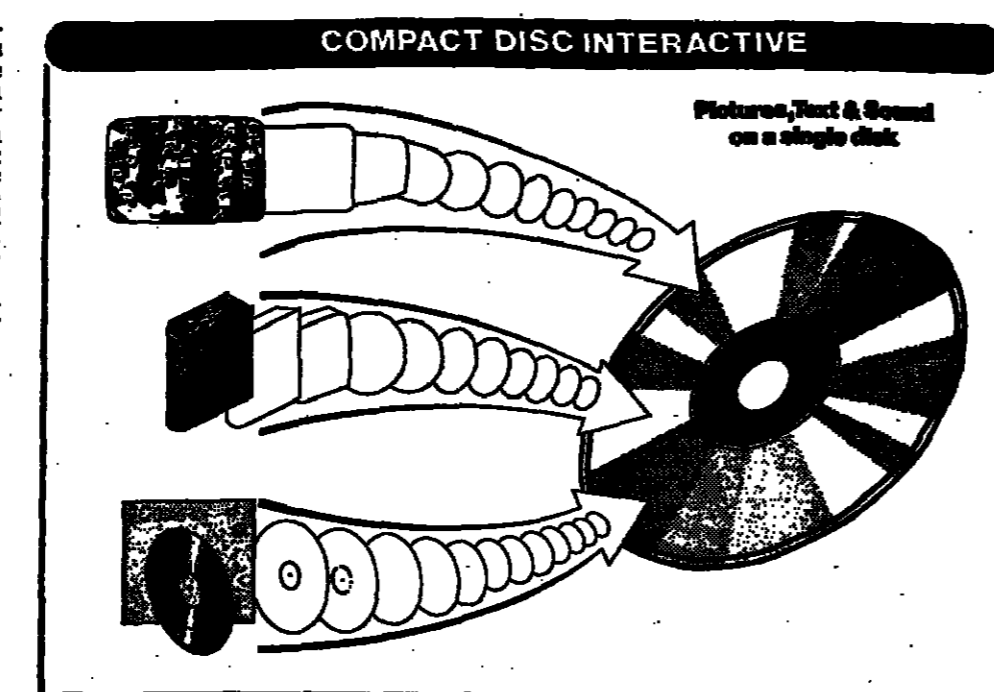
MAJOR PLAYERS in the electronics industry, such as Philips, Sony and Hitachi, are racing towards the introduction of an exciting new technology which will capture video, data and audio on a single compact disc. Called CD-I (compact disc interactive) it will allow interaction between sound, text and pictures, and is set to have a significant impact on the electronic publishing industry.

Equipped with screen, keyboard and hi-fi system, for example, you could sit in a 4.7-inch optical disc, able to hold enough information to form a stack of printed paper 30 feet tall and weighing 350 lbs. Then, by keying in the name of a composer, you could listen to his music while watching relevant still or moving pictures or reading the score of a chosen composition. Alternatively, given the appropriate disc, one might just as easily enter the name of an industrial area, and obtain data, pictures and commentary about the location, its people, building sites, the companies already there and so on.

Mr Byron M. Turner, president of European Interactive Media of the UK, believes CD-I will change the nature of books, publishing and libraries. Speaking at a recent conference on electronic publishing, staged by On-Line International in London, he described the new technology as the electronic printing press of the future. "CD-I is the next stage beyond digitally recorded sound on compact disc in the home and CD-ROM, the read-only digital memory system for storage of computer data. It is a result of the fact that today, all information is easily digitised into tiny laser engraved marks on the surface of a disc, whether it is speech, music, text, graphics, still pictures or video.

Philips, Sony and Hitachi will be important system suppliers and many software companies will emerge to meet the needs of information vendors. Hitachi, with software company Silver Platter, has been quick off the mark with a CD-ROM disc the UK Post Office will sell. This holds all UK postal addresses for quick and easy access.

Turner thinks that catalogues, for both industry and consumer markets, will also undergo great changes due to CD-I. The disc catalogue will be cheaply mailed, take up little space, and will obviate printing. Product choice is immediate—no paper pages have to be turned. He says if you want to see a selection of men's dress shirts, that is what will be shown. He also foresees customised selection: if a birthday present is to be bought for example, the user



Interaction on frontiers of electronic publishing

Geoffrey Charlish examines prospects for the next leap forward in optical recording

keys in such items as sex, age, hobbies and spending level, whereupon the system, using its microprocessor "brain," shows only the products that meet the criteria.

These systems will probably become mobile. For example, before touring a country by road, a suitable disc will be bought that will cross reference map, guide book, hotel and similar data. Whatever the location, the nearest suitable hotel, garage, or restaurant could immediately be brought up on the screen. A complete road map of the US can easily be stored on one disc.

For CD-I to succeed, however, necessary terminals will have to be reasonably low cost, common objects around office and home. That means volume production which in turn means standards. High Sierra, the industry's standards group which includes Philips, Sony and Microsoft, the US developer of computer operating system MS-DOS, is already firming up industry standards for CD-ROM, which is mainly concerned with

text and data (although graphics are possible). However, these standards will need to be extended into the multimedia world of CD-I. Philips and Sony have already made firm proposals. Outlined at the On-Line conference by Simon Turner of Philips Redhill laboratory in the UK, they define what can be present on a disc and how it is coded.

Among the problems is the fact that CD-I contains information like video and audio, as well as text and still pictures. For example, they all need different error correction levels, the means by which the accuracy of digital signals is assured. But the aim has been to make certain that a CD-I system can play both CD audio discs and CD-ROM data discs, widening the market.

Mr Nick Rogers, marketing manager for Hitachi's new media products in the UK, has some reservations about the emergence of CD-I standards proposals from Philips so soon after industry agreement on CD-ROM. He thinks the world

has yet to digest CD-ROM, let alone countenance what he thinks is basically a new consumer product from Philips. Many people however, think early standardisation, albeit commercially "imposed," by Philips and Sony, is a good thing and cite the audio cassette, which followed a similar path, as a shining example.

In any event, there is likely to be some market conflict between CD-ROM, which operates through existing personal computers and screens, and CD-I which is an integrated, comprehensive, stand-alone product which may or may not be limited to home use.

The technology is unlikely to be confined to encyclopaedic applications. Professional text books for example, are expensive to typeset, transport and store. Companies like Pergamon in the UK are known to be looking at optical media as a means of distributing such products.

With CD-I, the "book" could become a complete textual,

audio and visual presentation, programmed to maximise learning or simply to make the subject that much more interesting to the "reader."

Nevertheless, both CD-I and CD-ROM face competition from other electronic information systems. The idea of portable, optical storage is not entirely new. The US company Drexler was set up nearly five years to promote a system that puts data on a credit card-sized piece of plastic. The technology has been licensed to many of the world's big electronics and information companies, including Pergamon, Canon, Ericsson, Fujitsu, Honeywell, Matsushita, NCR, Sharp and Wang. There have been some difficulties however, in developing suitable low-cost readers.

Even so, Blue Cross, the US insurance and health services group, is putting individuals' medical records on the cards, which plug into screen/keyboard viewers in ambulances and hospitals.

At the same time Microfilm, and electronic hybrids of it will persist, as will on-line data services from big, central computers. Given wide-band (high data capacity) telephone lines to homes and offices, in the forthcoming world of ISDN (integrated services digital networks), information of the CD-I variety will be just as easily sent over telephone lines. Relative costs will decide matters, but little is known yet.

At the other end of the electronic publishing chain is the compilation of the information in the first place. Before long no doubt authors will write into electronic stores for direct transference to the "book discs." Similar things are happening in newspapers and magazines, although the final output is still paper in most cases.

Enhanced forms of word processing that allow text to be seen on the screen as it will be printed, in various fonts, and for illustrations to be suitably placed, are coming on to the market. Apple, Xerox and IBM are three important contenders in this field. For conventional in-house publishing, the material is then sent straight into a photocopier or, increasingly, to a laser printer.

Such electronic publishing is increasingly used in companies like Boeing, General Motors, British Aerospace, Vickers and the world's car companies, where technical service manuals have to be reproduced and updated. At this end of the business, however, software designers are still grappling with the problems of mixing text and graphics on monochrome screen desktop terminals economically.

Doubts over Europe's ability to meet date for digital radio

that technically, there is little to choose between the various digital systems proposed. But Professor William Gosling, Plessey's technical director, speaking at a recent Stockholm conference on mobile radio, said the study had found that "many of the existing proposals are too complex to be put into service by 1990," although simpler versions might be achievable in the time available, to be improved later.

Technically, an advantage of going digital is that such systems will interface naturally with the forthcoming fixed digital phones (ISDN, or integrated services digital network) that will carry text, data, speech, pictures and video.

Furthermore, digital transmission is not subject to noise (audible hiss). Also, with the time division approach (explained below) it is claimed that the effects of multi-path fading can be reduced; whereas

in narrow band TDMA the alternative system proposed by Bosch of Germany, Matra of France, and Ericsson of Sweden, the block is only 1 MHz wide. It embraces fewer users, is simpler to implement but can be more prone to data corruption.

The main issue between the rival digital systems is one of cost and data quality rather than system capacity (for which gains are not expected to be dramatic). TDMA is cheaper than analogue because wide-band tuning is less complex (there is no need for the mobile equipment to be able to tune to many different frequencies).

But according to the Plessey study, these matters fall into insignificance compared with the likely problems of getting the European countries to agree to a single digital standard via the CCPI (Committee European de Postes et de Telecommunications—the representative body of the PTTs).

Professor Gosling sees four difficulties, none of them technical. First, there are some 20 companies that want to exploit the estimated \$10bn world market for cellular over the next 10 years. But analysis shows there may only be room for three or four equipment sources, probably in consortia form.

Second, Europe has a history of not agreeing about such things; there are different TV standards, mobile sockets—even the telephone dialling tones are different.

Third, Europe's aspiration of matching its cellular radio manufacturing power to that of Japan and the US is likely to suffer at the hands of consumer interests. Gosling says: "European electronics-based industries which have been seriously weakened by this ill-judged pragmatism include computers, semiconductors, office equipment and consumer electronics."

Finally, the Plessey director believes the PTTs are not structured to encourage cross-border interchange of products and that the CCPI needs better arrangements for consulting with manufacturers and user groups.

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Existing proposals are too complex to be put into service by 1990

Geoffrey Charlish

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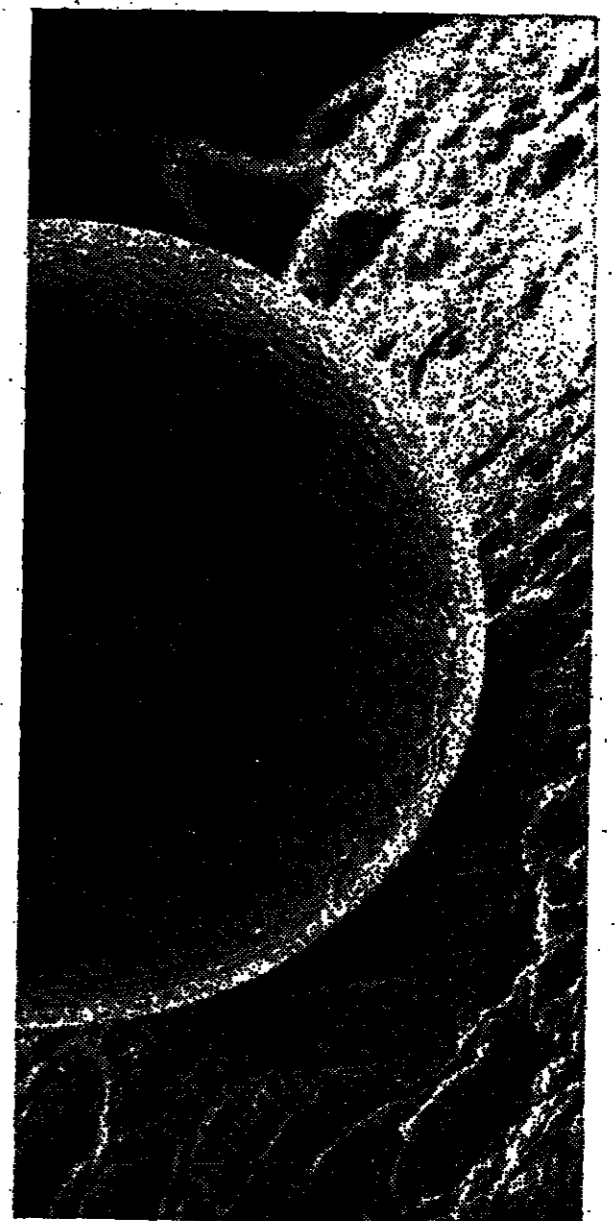
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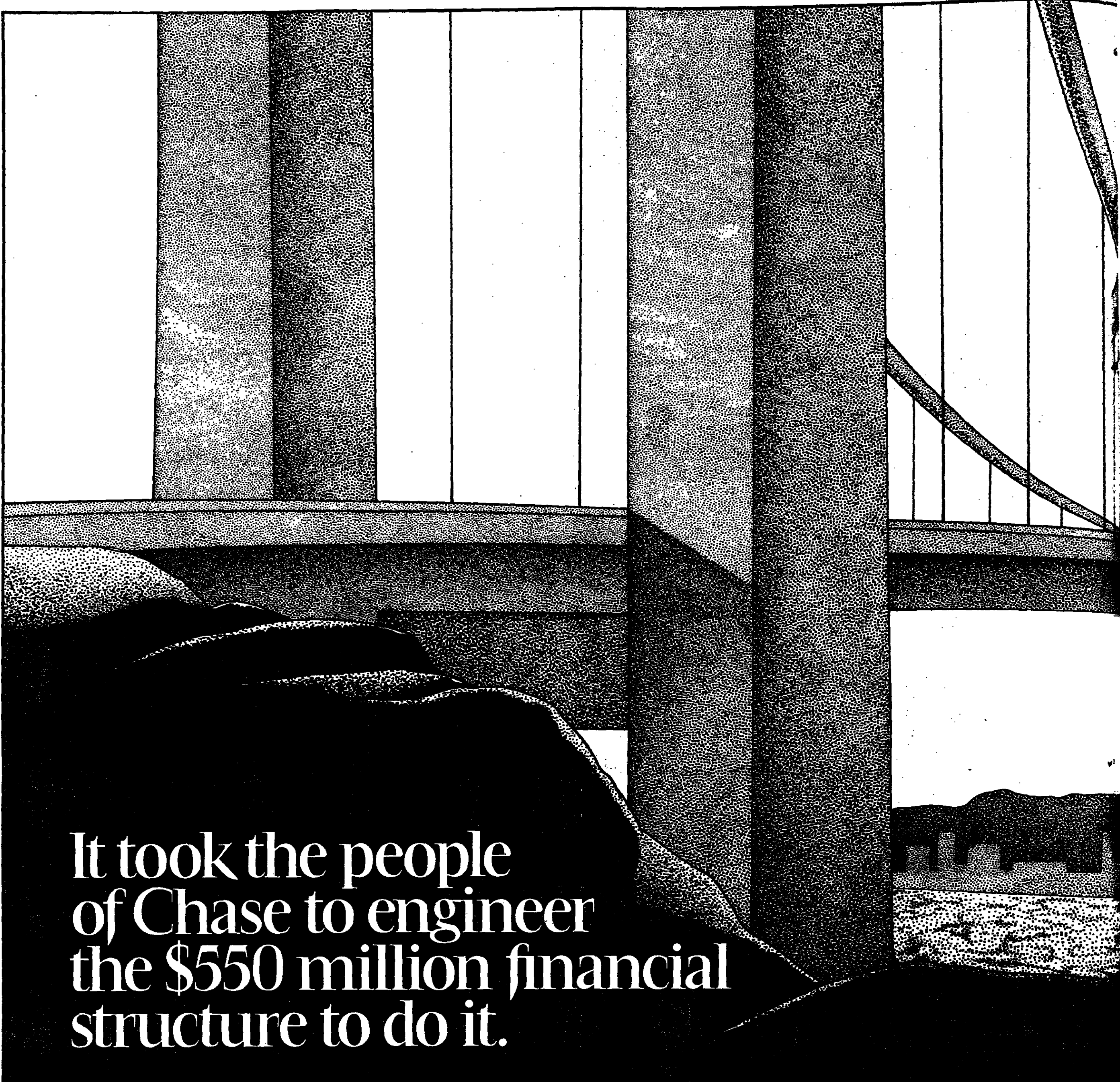
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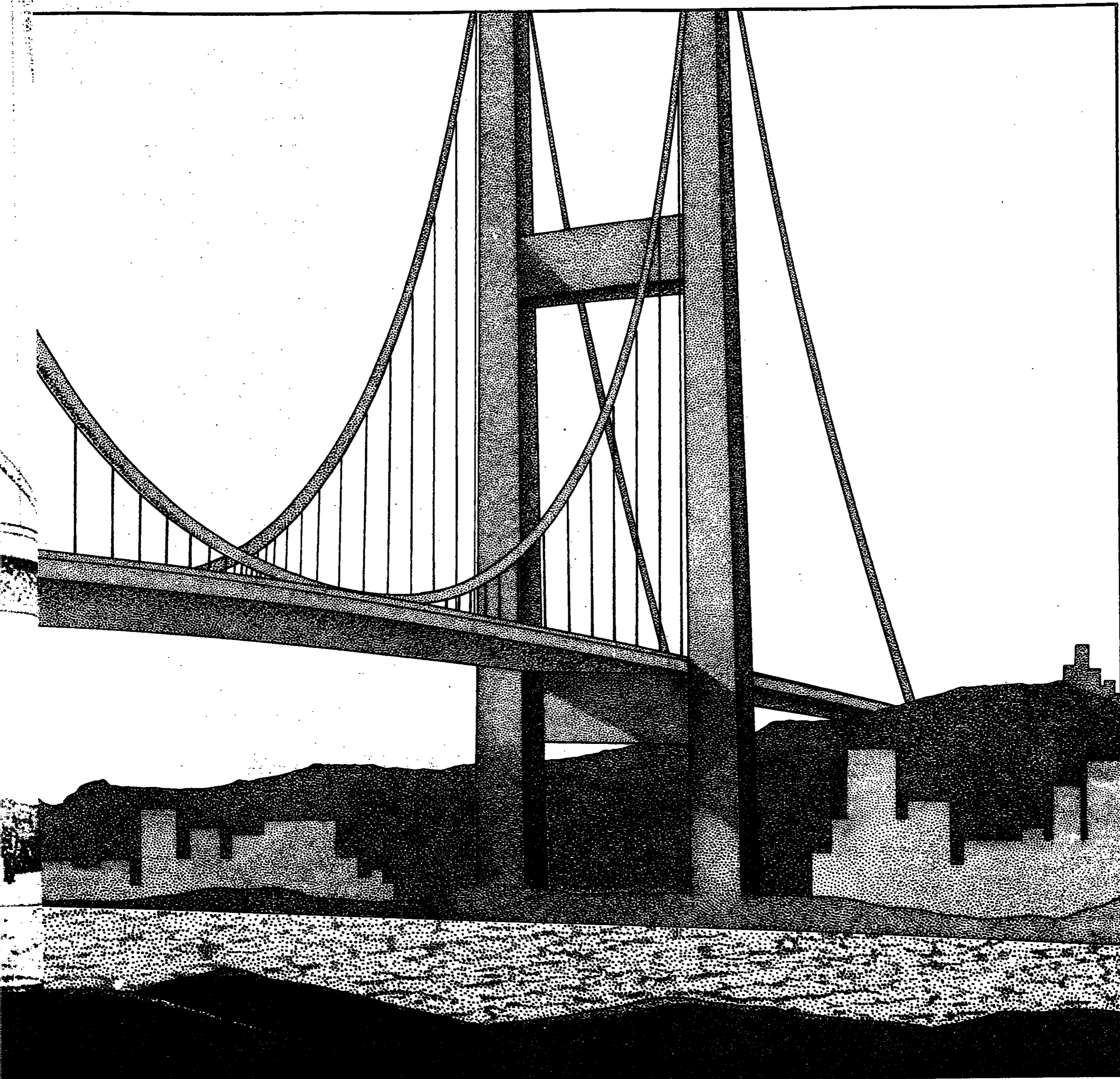
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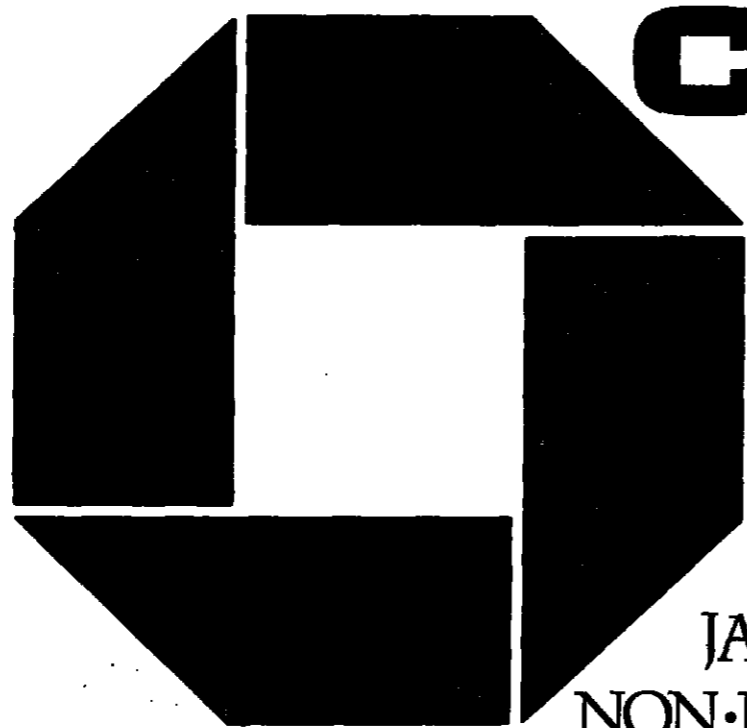
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UK NEWS

Smallest companies 'create new jobs'

By Janet Bush

THERE IS an urgent need to discover how to identify small companies with growth potential and how to encourage and help them, according to a study on job generation between 1983 and 1984.

The study, published in the Department of Trade and Industry's magazine *British Business*, uses the database of the credit rating and marketing company Dun and Bradstreet.

It showed the smallest British companies, with between one and 19 employees, were the only net creators of jobs during the period, generating at least three jobs at the end of the year for every 100 held at the start.

At best, larger British companies only held their own and companies employing more than 1,000 were net losers of jobs. For every 100 held at the beginning of a year, six had been shed by the end.

The authors said they believed that for cultural or economic reasons Britain's entrepreneurs lacked the motivation or skill to expand their businesses further once they had become established.

They noted that their analysis tended to interpret results for large companies favourably and penalise smaller companies, underscoring the conclusion that job creation was heavily biased towards the latter category.

There is still cause for concern that small companies seem to cease creating jobs at around only 20 employees. The equivalent figure in the US is nearer to 100.

The authors commented: "Perhaps most noteworthy is the contribution of tiny firms (with one or two employees) in balancing the job-losses from larger firms and keeping the private sector employment on the increase, as well as their importance to the rise in the rate of formation of firms."

Full report, £5 including postage, from Professor Colin Gallagher, Department of Industrial Management, Newcastle University, Newcastle upon Tyne, NE1 7RU.

Welcome for the prize that speaks volumes

MONTHS of backbiting, browbeating and plain bitching will come to an end tomorrow when the 1986 Booker Prize for Fiction is awarded.

This year the book trade needs the sales stimulus of the Booker more than ever before. Having hailed itself out of the bookselling decline of the late 1970s, the book trade staged something of a resurgence in the early 1980s, only to suffer from sluggish sales this year.

For the larger book publishers the problems of a soggy domestic market have been compounded by the effect of adverse currency translations against sterling in their main overseas markets: the US and Australasia.

In recent months a succession of publicly-quoted book publishers - Associated Books, Octopus and William Collins - have produced lacklustre sets of results.

No-one really knows what caused the decline. One theory is that book sellers, having over-ordered last Christmas, were left with too many unsold books early in the year and have destocked since. Another is that the installation of new technology in book shops has made stock control more efficient and book retailers have, temporarily, been more prudent in their reordering.

"Whatever the reason the book market has been grim this year," said Ms Carmen Calli, managing director of Chatto & Windus and chairman of Virago. "Returns are higher than ever. Publishers' discounts are increasing. People are just not buying books. We really need the Booker, this time."

For British book publishers the presentation of the Booker is the most important event in the literary

Alice Rawsthorn explains why this year's Booker Prize for Fiction is more eagerly awaited than ever by a hard-pressed book trade

day in 1974, sold just 8,000 hardback copies. But the prize was swiftly clouded by controversy.

"But the Booker has thrived on controversy," said Ms Maggie Van Reenen, director of the Book Marketing Council (BMC). "The row over whether Anthony Burgess or William Golding should have won in 1980 really made it. The television cameras arrived in 1981 and since then the prize has gone from strength to strength."

As the Booker has grown in stature so its power to sell books has increased. As a rule of thumb Mr Tom Maschler would expect the sales of the winning novel to rise 10 or 15 fold. In recent years Jonathan Cape has produced two Booker winners. Salman Rushdie's *Midnight's Children* sold 40,000 hardback copies in 1982 rather than the 4,000 originally expected. Anita Brookner's *Hotel du Lac* sold 80,000 rather than 4,500 in 1984.

The influence of the winning book is such that there are audible groans from the book trade if an "unsellable" book wins. Last year's winner, *The Bone People* by the Maori writer Keri Hulmei, is popularly categorised as "unsellable". Yet its publishers, Hodder & Stoughton, sold 23,000 copies of the novel in the UK alone.

Ladbrokes, the bookmaker, is still accepting bets on the Booker winner. Kingsley Amis' *The Old Devils* is the frontrunner with odds of 2-1, followed by Robertson Davies' *What's Bred in the Bone* at 3-1, Kazuo Ishiguro's *An Artist of the Floating World* at 9-2, Paul Bailey's *Gravel*, Laurent and Margaret Atwood's *The Handmaid's Tale* at 5-1 and, finally, Timothy Mo's *An Insular Possession* at 6-1.

Bribe money must be repaid, says judge

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

A MISSING London solicitor, Mr Peter Denby, was paid a £133,300 bribe by a Greek shipowner in dispute with his client, the Iranian state shipping line, a High Court judge in London said yesterday.

Mr Justice Leggat ruled that Islamic Republic of Iran Shipping Lines was entitled to the money, paid to Mr Denby by A. Haloussis Shipping. The Iranians' claim was not opposed by Mr Denby, who was not in court, represented.

He has been sought by the police since disappearing in June, after an incident in which he was discovered in a car in Mayfair, London, with two gunmen.

Mr Justice Leggat said that in 1983 Haloussis had agreed to pay Mr Denby a "commission" for arranging a prompt and satisfactory settlement of Haloussis's claims against the Iranians.

The dispute, in which the Iranians had cross-claimed, was eventually settled on terms that Haloussis would get \$2.2m rather than the \$3m it had hoped for.

Haloussis did not consider Mr Denby had given value for money

and paid him a reduced "commission" of £133,300. The money was paid through the National Bank of Greece to Mr Denby's account with the Midland Bank. It was then transferred to a numbered account at Banque Paribas (Suisse) of Geneva.

The judge said that Mr Denby had denied the existence of the Swiss account but, by a subterfuge, it had been discovered that the numbered account was in his name.

The money had been transferred next to a client account of a company called Euro Shipping with the legal firm of which Mr Denby was then a partner. Part was used to buy a house, of which Mr Denby was part owner.

Mr Justice Leggat said it was clear that the Euro Shipping client account had been used by Mr Denby for his own financial purposes.

The £133,300 had been received by Mr Denby as a bribe, which he had been able to arrange only because he had been the Iranians' solicitor. They were plainly entitled to recover it from him.

Demand rises for City office space

By Paul Chesworth

DEMAND FOR office space in the City of London is outstripping supply and shortages are likely to continue into the 1990s, Savills, the estate agents, have concluded in their annual survey of City property.

For the first time since 1981-82, demand is exceeding supply. The level of demand has risen from 1.3m square feet in 1981-82 to 3.8m square feet in 1985-86. But over the last year only 2.6m square feet have been available.

Although the City has appeared to resemble a gigantic building site much of the development taking place has been to replace existing stock.

"Available space is at its lowest level since the mid-1970s," according to the report.

As a consequence prime office rents have been rising - by about 20 per cent in 1985-86, Savills calculate. And the upward trend is likely to be sustained in the view of Dron and Wright, another company of agents which has also produced an office space survey.

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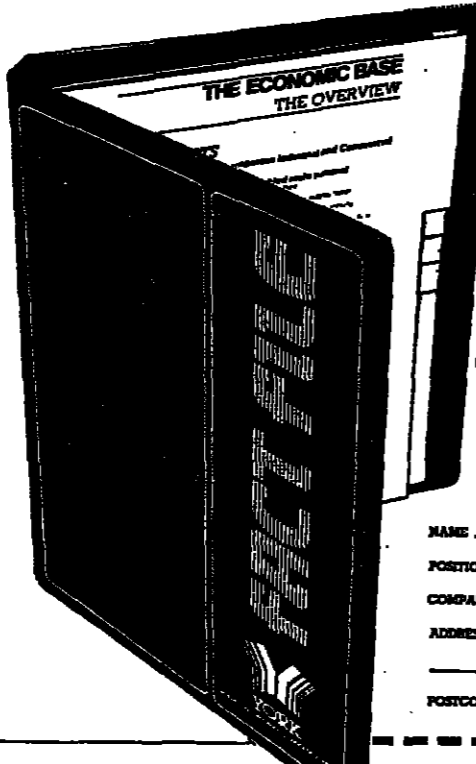
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FT COMMERCIAL LAW REPORTS

Liability for concurrent cause of loss

WHICH BRITISH BANK
IS A PRINCIPAL
PROVIDER
OF A
DIRECT LINK TO
SWISS INVESTMENT
MANAGEMENT SERVICES?

JJ LLOYD INSTRUMENTS LTD
v NORTHERN STAR INSURANCE CO LTD
Court of Appeal (Lord Justice Lawton, Lord Justice Slade and Lord Justice Croom-Johnson): October 15 1986.

WHERE THERE are two concurrent and equal or nearly equal causes of loss only one of which is an insured peril, the insurers will be liable to indemnify the insured against that one unless the other is expressly excepted under the terms of the policy.

The Court of Appeal as held when dismissing an appeal by the insurer, Northern Star Insurance Co Ltd, from Mr Justice Mustill's decision (1985], Lloyd's Rep 264) that

it was liable to indemnify JJ Lloyd Instruments Ltd, owners of Miss Jay Jay, for damage caused by the impact of waves on the vessel's defectively designed hull.

Section 55 of the Marine Insurance Act 1906 provides: "(1) unless the policy otherwise provides, the insurer is liable for any loss proximately caused by a peril insured against . . . (2)(c) Unless the policy otherwise provides, the insurer is not liable for ordinary wear and tear . . . inherent vice or nature of the subject-matter . . ."

LORD JUSTICE LAWTON said that on July 15 1980 the motor cruiser, Miss Jay Jay, started a return passage across the English Channel from Deauville to Hamble. It ran into choppy, confused

sea with waves about three metres high. The helmsman found it advisable to go through the sea planing as far as possible from wave to wave. About every two minutes the cruiser fell into a trough because the waves were not evenly spaced. Whenever it did so it hit the water with a bang, producing a slamming effect on the hull. No criticism could be made of the helmsman.

When the cruiser arrived at Hamble it was discovered that as a result of the passage through the choppy, confused sea, the floor of the cruiser had cracked and part of the skin of the hull on the port side was missing from chine to topside. The cost of repair was about £20,000.

The owners claimed the insurers should indemnify them against the loss under a time

marine policy. The policy indemnified against all loss or damage "directly caused by external accidental means."

The insurers said that what had caused the loss was not "external accidental means" but the admitted faulty design of the cruiser and that it was unseaworthy for a cross-channel passage during which such seas could be anticipated.

Litigation resulted. Mr Justice Mustill delivered judgment in favour of the owners. The insurers appealed on the grounds *inter alia* that the loss was not caused by "external accidental means" and that design defects, not the adverse sea, were the dominant and effective cause of the loss.

Impacts of the adverse sea on the cruiser's hull were clearly "external." So far as the owners were concerned they were unexpected because nothing of the kind had happened on the passage from Hamble to Deauville. Further, as the judge found, a cruiser of the relevant size and configuration ought not, if properly designed and built, to have suffered the kind of damage it did in such conditions. That was enough to make what happened "accidental."

That, however, did not make the insurers liable under the policy unless the loss was "proximately caused by a peril insured against" under section 55(1) of the Marine Insurance Act 1906.

Mr Justice Mustill found that the cruiser was so defective in design and construction as to be unseaworthy for a passage from Deauville to Hamble. If the defects had been the sole cause of the loss, the owners would not have been entitled to claim at common law, or because of an express exclusion in the policy. But the judge found that unseaworthiness due to design defects was not the sole cause of the loss.

It seemed to be settled law that if there were two concurrent and effective causes of a marine loss, and one came within the terms of the policy and the other did not, the insurers must pay. The passage in *Halsbury's Laws* 4th ed vol 25 para 181 stated: "If one of these causes is insured . . . and none of the others is expressly excluded from the policy, the assured will be entitled to recover."

In *Wayne Tomk and Pump Co* [1974] QB 57 the court considered what should happen when there were two equal or nearly equal causes, one being within general words so as to make the insurers liable and the other being within an exception so as to exempt them from liability. It was agreed that the exception applied.

Since the insurance did not exclude unseaworthiness or design defects which contributed to a loss without being the sole cause, the owners' claim fell within the policy, provided that what happened in the sea conditions was a proximate cause of the loss.

In the past, judges had used synonyms for the statutory words "proximately" — "dominant," "effective" and "direct." In *Smith Hogg & Co* [1940] AC 597, 1006 Lord Wright favoured "dominant."

What had to be decided was whether, on the evidence, un-

seaworthiness due to design defects was such a dominant cause that a loss caused by adverse sea could not fairly and on common sense principles be considered a proximate cause.

The evidence did not establish anything of the kind. What it did establish was that but for a combination of unseaworthiness due to design defects and adverse sea, the loss would not have been sustained. One without the other would not have caused the loss. Both were proximate causes. The appeal should be dismissed.

LORD JUSTICE SLADE agreeing, said that "accidental" in the policy must exclude events which must happen in the ordinary course of navigation. The sea conditions did not fall outside the phrase "accidental means" merely because they were such as a person navigating in those waters could have anticipated. Even if an event were a readily foreseeable risk it might still properly be regarded as accidental when it occurred.

In the present case the weather conditions were found to have been markedly worse than average. They were by no means bound to occur. They fell within the description of an "accidental" cause. "External" in the policy simply fell to be read as the antithesis of "internal." The impact of the sea on the yacht's hull clearly amounted to "external" rather than "internal."

The question was whether the loss was "proximately" caused by the weather conditions.

It was clear on any commonsense view that the sea conditions at the relevant time must be regarded as at least a cause, whether proximate or not, of the damage. It was no less clear that the faulty design must also be regarded as a cause, whether proximate or not.

On a commonsense view of the facts both causes were equal or nearly equal in their efficiency in bringing about the damage. If the policy had contained a relevant express exception relating to loss caused by unseaworthiness, the owners' claim might well have been unsustainable. The policy contained no relevant exception.

The passage in *Halsbury's Laws* 4th ed vol 25 para 181 incorporated the principle applicable to the present case. The crucial point was that for the purpose of applying the provisions of the policy and of section 55, the loss was treated as proximately caused by the cause insured against, notwithstanding the presence of a concurrent cause not covered by the policy.

The loss in the present case was properly to be treated as having been "proximately caused" by a peril insured against (the impact of adverse weather conditions), though faulty design and construction of the yacht might have been of equal efficiency in bringing about the damage.

Lord Justice Croom-Johnson agreed. For the insurers: Geoffrey Brice QC and Belinda Eusden (Ingledeu Brown Bennisson and Garrett).

For the insured: Adrian Hamilton QC and Jeffrey Gruder (Ince & Co).

Rachel Davies
Barrister

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Leeds City Art Gallery/William Packer

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It makes British Surrealism visible once more, firmly established in its contemporary international context... Without their efforts to re-educate us all ahead of market fashion nothing more could have happened...

section - and Premonitions of War. This last is a small group of somewhat sinister items that includes Giacometti's 'Woman with her throat cut'... The exhibition is rightly dedicated, and represented by major works from his estate never shown before.



'Passage de l'Opera' by Conroy Maddox

Some of the answers, or possibilities it suggests by demonstration... This summer, the roses are blue; wood is glass. The earth clothed in its greenness, makes as little impression on me as a ghost. To live

Bolshoy Giselles/Palais des Congres

Clement Crisp

The Bolshoy Ballet, complete with its orchestra playing superbly well, is repeating its London triumphs in Paris... The Bolshoy Ballet, complete with its orchestra playing superbly well, is repeating its London triumphs in Paris...

emotion which unites the two halves of the ballet in an incomparable reading... The evening began, inexplicably, with a short ballet by Vera Boccadoro, a French choreographer long resident in Moscow...

With Lyudmila Semenyakina's Giselle on the following evening, the old ballet became the story of a soul's journey... Semenyakina is (with Makarova) the most spiritual Giselle I have seen.

Sarbu/Elizabeth Hall

Dominic Gill

I was greatly impressed by the Romanian violinist Eugene Sarbu (then 28 years old) when he won the Carl Flesch Competition in 1978... The Leeds exhibition is therefore of real significance and lasting critical importance...

full of happy-go-lucky smoothness: nothing is rough, nothing quite perfectly turned... By the second half, when he was well warmed up, he could come to terms a degree or two more firmly with Prokofiev and Schumann...

Whitney Houston/Wembley Arena

Antony Thornecroft

Whitney Houston is very beautiful. She has a magnificent voice, both confident and far ranging... Whitney Houston is very beautiful. She has a magnificent voice, both confident and far ranging...

drunk totters in, balancing two pint of beer in plastic containers and shouting 'I love you Whitney'... Whitney Houston is very beautiful. She has a magnificent voice, both confident and far ranging...

Revo/Battersea Arts Centre

Claire Armitstead

Umof's is a black theatre company which was set up three years ago to provide a cultural answer to questions of race and identity in urban Britain today... Umof's is a black theatre company which was set up three years ago to provide a cultural answer to questions of race and identity in urban Britain today...

ing, which reveals the chief of police to be a ganja grower and the leader, an inadequate propped up by a corrupt puppet... Umof's is a black theatre company which was set up three years ago to provide a cultural answer to questions of race and identity in urban Britain today...

For instance, in the initial night-time cabinet meeting, the four ministers harangue each other in military jargon... Umof's is a black theatre company which was set up three years ago to provide a cultural answer to questions of race and identity in urban Britain today...

Nigel Rogers/Wigmore Hall

Richard Fairman

Fortunate is the singer who finds himself in the right place at the right time... Nigel Rogers is a fine singer who finds himself in the right place at the right time...

The best of them was Les Sylvestres by Montclair... Nigel Rogers is a fine singer who finds himself in the right place at the right time...

Arts Guide

Music/Monday, Opera and Ballet/Tuesday, Theatre/Wednesday, Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

October 17-23

Opera and Ballet

Includes Lucia Valentini Terrani, Claudio Desderi, and Ezup Dara. Scenery and costumes are by Jean-Pierre Ponnelle (277 9236).

de la Creation to music by Chopin, Saint-Saens and Tchaikovsky with scenery by Josef Svoboda (277 9236).

containes by Jaime Spinetelli (351 948). Roman: Teatro Olimpico (Piazza Gentile da Fabriano): Tyla Tharp Dance Company (350 1454).

Frankfurt, Opera: Orpheus in der Unterwelt, Der Rosenkavalier. Performance, Der Rosenkavalier. Features Barbara Bonney, Nancy Shade and Aga Hanganad. Also Die Zigeunerbaron, conducted by Michael Lenz.

English National Opera, Coliseum: Aida, one of the new successful ENO attempts to put on spectacular Grand Opera, returns with Janice Cairns in the title role.

top estimate of \$4,500 for a painting 'Rue de la Harpe' by Claude Lorraine... The first ever antique scientific instruments Fair will be held in London on November 9 at the Westminster Hotel.

WHICH BRITISH BANK IS DEVELOPING AN ENTIRELY NEW APPROACH TO INTEGRATED PRIVATE BANKING & FINANCIAL SERVICES

Letters to the Editor

Catastrophic probability

From Dr A. Irmis. Sir—The solution to the probabilistic conundrum raised by Sir Christopher Cockrell in his article (October 8) and the subsequent exchange of correspondence with Mr Robin Hurst (October 13 and October 16) must surely be as follows. If the chance of a nuclear catastrophe per reactor year is one in 30,000 and there are 30,000 reactors in existence, then the overall probability of such a catastrophe per year must be 0.63 (or 63 per cent). Binomial theory thus backs up Sir Christopher's appeal for caution in the development of nuclear power.

reactor population. Even more basically, one must question the practical value of probabilistic logic when (as here) it is stretched to the very limits. Likelihoods of occurrence such as 1 in 30,000 reactor years merge on the ludicrous when they are based on a relatively minuscule amount of operating experience. The logic becomes further open to question when only one catastrophe of the sort under discussion would likely bring the whole programme to an abrupt halt.

Speaking the same language?

From Mr G. Sokolov, Novosibirsk Press Agency. Sir—I was surprised by the funeral tone of Robert Maunther's comment on the results of the Reykjavik meeting (October 13). According to him, the results of the meeting "could have been worse" and a lot of time will pass before the two countries restore the atmosphere of trust.

There is one thing, however, on which I agree with Robert Maunther. The main problem for the US Administration now will be to convince its allies of the need to continue SDI. This programme into practice. Few people would accept the view that the historic agreements on radical reduction of strategic forces on medium-range nuclear forces, which were reached at Reykjavik, must be sacrificed for the illusory advantages of SDI.

Chittagong hill tracts

From the High Commissioner, People's Republic of Bangladesh. Sir—I feel it necessary to clarify your report (October 8) of Amnesty International's publication on Bangladesh alleging that "Government forces in Bangladesh have killed or tortured hundreds of unarmed tribal villagers" in the Chittagong hill tracts.

duties, members of the forces and other law enforcing agencies have had skirmishes with terrorists belonging to the so-called "Shantibahini" resulting in some human losses. These losses included members of the Bangladesh armed forces. It is these attacks which have led the civilian population to seek the help of the forces.

The burden of dear money

From Mr M. Aldbrook. Sir—How heartily I agree with your leader (October 15). The downside of bringing our interest rates in line with those of our main competitors such as West Germany must be negligible given that it is only by doing so that British manufacturers will be able to invest in the new machinery and methods needed to produce consumer

goods that will affect the import situation and later in turn to the revitalising of British industry so that the vicious circle we appear once again to be trapped in can be halted and sterling will no longer be perceived as a lacklustre "petrol" currency.

Training for management—workplace attitudes

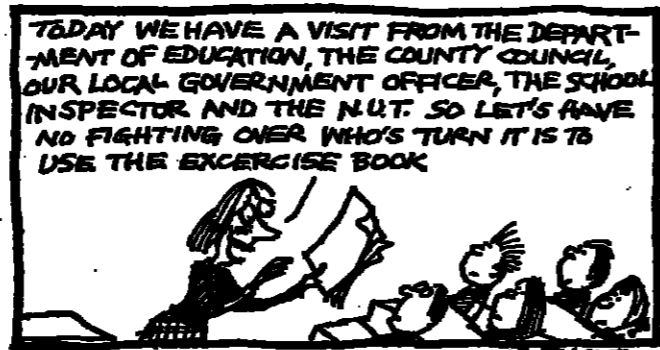
From the Director, Personnel and Administration, Shell UK. Sir—Following David Thomas's article (September 12) I wish to amplify my views on this subject, especially since Mr Ernst Verbeek in his letter (September 27) associated my name with views and misconceptions which I do not share.

this process, particularly at times of job change and most especially at the critical point in an individual's career—the transition from specialist to general manager. All sources of training may be appropriate and effective. The MBA is only one item in the repertoire. I have two concerns about the MBA. Business schools have now been in operation for some 20 years but their impact has not been as great as originally hoped. Approximately 1,000 MBAs graduate in the UK each year; we probably need ten times that number if we are to be competitive with our major competitors.

Finance for education

From Mr P. Renard. Sir—I agree wholeheartedly with the sentiments of your two correspondents (October 14) who said that the main problem with the education system is lack of resources.

finance, parents as representatives of their children's interests had over the way the education system operates. The management and influence on education is so fragmented between government, civil servants, county councilors, local government officers, governors, inspectors, teaching unions and individual teachers that it would be impossible to design a system so wholly unedited to running an education service if one tried.



books, equipment, telephones, duplicating, window cleaning, laundry, etc. The national average capitation in 1983-84 was £22 per child which itself is inadequate to service the needs of primary schools.

Sponsorship of science

From Christina Astin. Sir—The reports by the Royal Society and the Sussex University Science Policy Research Unit (October 16) point to the UK's relative decline in scientific research. A fundamental problem is the lack of incentives for science students at secondary and tertiary levels of education.

companies will have to offer inducements such as university sponsorships. They are showing few signs of doing so. The Manpower Services Commission booklet "Sponsorships 1987" lists only seven companies (out of 90) offering sponsorships in physics—the most fundamental of the natural sciences.

Bias in the ballot

From Mr J. Deeley. Sir—Mr P. Haywood (October 15) highlights what appears to be a bias in favour of female applicants for TSB shares. From my own sample taken of friends, colleagues and relatives who applied through three centres, a much more disturbing picture emerges—a clear bias in favour of single applicants at the expense of family applicants.

therefore, that the TSB "ballot" (which was supposed to give everyone a 50 per cent chance of success) was designed in such a way that most children were regarded as stags—with the result that it militated most unfairly against very many families who wished to become part of the people's bank—and join the share-owning democracy.

Pledge on rate reform

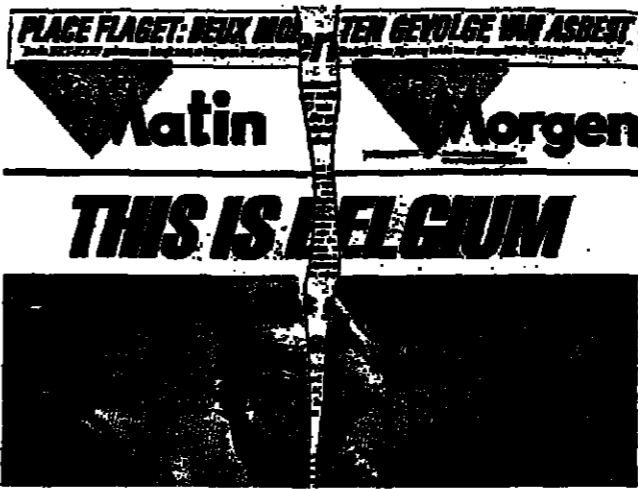
Sir—(Mr Rifkind says (October 10) that the proposed community charge represents an inherently preferable and fair alternative to the present rating system.

out of use for a higher price, it is a source of social ill, including unemployment and high house prices. Further, it penalises labour and capital by taking for nothing an increasing share of the wealth produced.

BELGIUM'S LANGUAGE DISPUTE

Tongues of fire, again

By Tim Dickson in Brussels



Divided loyalties, as seen by the Belgian newspaper De Morgen

ABSURD! Unbelievable! Village politics! Such were the contemptuous headlines in Belgian newspapers last week as the Government, centered on the brink of collapse over a self-important francophone mayor who refuses to speak Flemish.

squareable appears ridiculous. The problem dates back to the early 1960s, when Les Foursous, as the French call it, or Voeren as the Flemish say—either way it is a commune of just 4,500 people close to the Dutch border at Maastricht—was transferred from French-speaking Liège to Flemish-speaking province of Limburg.

The truth is that Mr Happort is an important symbol for those, notably the Socialist Party and Socialist trade unions in the region, who want more political and economic autonomy for Wallonia.

The rivalry between Flanders and Wallonia dates back long before 1830, when the Belgian state came into being, to the days of the Roman Empire. But if anything it became more intense in the 1960s and 1970s when the basis was laid for the country's somewhat tortuous system of semi-federal government.

The champion of their cause did not fully burst onto the scene until 1982, when the democratically elected mayor, Mr Jos Happort refused to take a Flemish language test to prove his fitness for the job.

When my children started school 18 months ago, I was amazed to find how little in- formulated and implemented, and the way in which funds are allocated. I would encourage the Secretary of State to expedite his plans to place more power and control over resources with parents and teachers on governing bodies at individual schools as the wishes of local communities are not currently being well served by many local education authorities.

Gradually, however, economic and political power has shifted to Flanders. Its ultimately successful fight for linguistic freedom was accompanied by greater economic prosperity, a trend which in recent years has been accentuated by the constructing industrial structures between north and south.

At face value the linguistic

Whereas Flemish nationalism has generally been cultural, Wallonian nationalists have sought greater autonomy primarily as a means of tackling their economic difficulties. The extremists fundamentally distrust a government which in theory has equal representation for both camps but whose top posts (the Prime Minister, Foreign Minister and Finance Minister, for example) are mostly held by

members of the Flemish community. One outlet for this frustration has been the "Return to Liège" Group in Les Foursous, headed by Happort—but doomed to failure under the present constitution since any changes to the linguistic frontier require a two-thirds majority in parliament, and an overall majority on both sides of the linguistic divide in the assembly.

Moreover, because of the complexities of the Belgian constitution, the present parliament has no authority to make changes which would take the country further down the road to devolution. If the current Government runs its course, this cannot happen until 1989 at the earliest.

Closely linked to the question of regional autonomy is the issue of how to share out the national cake—adding a particularly explosive dimension to the entrenched battle over language and culture.

The question is whether Wallonia could afford to take the financial consequences of further devolution or whether (as local politicians like the President of the Walloon Council Melchior Wathelet believe) it is shrewder to wait until the region's economic health picks up.

Further autonomy for the two main regions of Belgium seems ultimately inevitable—the questions are when, and whether, the logical consequences of further reform may not one day be complete separation.

Advertisement for Scania trucks. Features a speech bubble with text: 'Reliability + fuel economy + high residual value = low-cost operation = Scania'. Large headline: 'Some trucks are more equal than others.' Text: 'Scania have never been tempted to compete on cost alone. Trying to equal some of today's truck prices would mean sacrificing too many of our principles and too much of your cost-efficiency. Instead of investing over 7% of sales turnover in research and development, we might have to cut a few corners. Which could mean risking our hard-won reputation for absolute reliability and for fuel economy. Instead of manufacturing our own engines, gearboxes, axles and cabs, we might have to make do with bolting together bits and pieces made by someone less dedicated to precision.' Scania logo and contact information.

SECTION II - COMPANIES AND MARKETS
FINANCIAL TIMES

Tuesday October 21 1986

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What worries me about the Big Bang
Is if my temporary secretary goes back to...
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Buoyant ITT sets date for venture with CGE

BY TERRY DODSWORTH IN NEW YORK

ITT CHAIRMAN, Mr Rand Araskog, took the opportunity of a sparkling set of third-quarter figures yesterday to give an optimistic assessment of the US group's negotiations on the planned merger of its telecommunications interests with CGE of France.

third-quarter figures made any impact on the New York Stock Exchange where, in the midst of a gloomy morning session, ITT's shares lost 2% to \$51 1/4. Analysts appear to have been expecting a strong performance from the group this quarter because of the rebound in the insurance sector and the overall strength of the financial sector.

Net income in the third quarter jumped 64 per cent to \$126m, or 62 cents a share, against \$77m, or 50 cents a share in the same period of last year. The results would have been even stronger without a \$18.5m or 13 cents a share writedown on certain investments.

Finance chief at VW to step down

By Andrew Fisher in Frankfurt

MR ROLF SELOWSKY is to step down as finance director of Volkswagen, the West German motor group, when his contract runs out next summer.

Crédit du Nord slips into the red

BY PAUL BETTS IN PARIS

CRÉDIT DU NORD, one of the major French retail banks nationalised in 1983 and in which the Paribas financial group holds a 51 per cent stake, has reported a loss of FF 241.5m (\$37.4m) for the first half of this year compared with a profit of FF 65.7m in the same period last year.

The bank has warned that its losses for the whole of this year are expected to total FF 400m after provisions of FF 200m. Crédit du Nord last year reported a consolidated net profit of FF 81.5m.

However, the bank expects that its restructuring plan and fresh capital injections will enable it to return to the black in 1987. Mr Bruno de Maulde, its chairman, is confident of continued support from Paribas, which is due to be dematerialised next year, and is aiming for pre-tax profits of FF 330m in 1989.

To back up the group's current restructuring, the French government and Paribas will be subscribing to a FF 750m capital increase for Crédit du Nord. The restructuring has involved the modernisation of the bank and a reduction in its workforce.

Pirelli records 55% increase in earnings for first six months

BY ALAN FRIEDMAN IN MILAN

PIRELLI, the Italian tyre and cables group, yesterday announced an aggregate net profit of \$61.2m in the first six months of this year, a 55 per cent increase on the first half of 1985.

Pirelli, despite being Italy's fifth biggest company with 1985 turnover of \$3.67bn, has never published a consolidated set of accounts. The group's balance sheet is an aggregate of operating subsidiaries in 16 countries, which are 40 per cent controlled by Società Internazionale Pirelli in Switzerland, 12 per cent by Pirelli Società Generale, also in Switzerland, 8 per cent by foreign partners and 40 per cent by Pirelli SpA in Italy.

The Pirelli aggregated group accounts show a 1985 net profit of \$101.5m, up 40 per cent, for the year to last December. The Pirelli SpA accounts, which have a June year-end, show a 1985 net profit of \$57.7m, up 55 per cent on the 1984 net profit of \$37.2m.

Li Kashing fails to quash tribunal censure

By David Dodwell in Hong Kong

LI KASHING, one of Hong Kong's wealthiest businessmen, yesterday failed in his high court bid to quash a special tribunal's censure for culpable insider dealing.

Mr Li, along with four other executives in Cheung Kong, the property group controlled by him, had appealed against censure, which came in April after a 16-month inquiry by Hong Kong's insider dealing tribunal.

The tribunal had censured him and six other executives in connection with share trading in International City Holdings (ICH), a local property group, between January and June 1984.

The dealings examined by the tribunal were linked with an abortive HK\$900m (US\$115m) property deal between ICH and Everbright, the Peking-linked group headed by Wang Guangyong, one of China's leading "red capitalists".

Humana loss matches forecast

BY WILLIAM HALL IN NEW YORK

HUMANA, the fast growing US health care and hospital group, which warned earlier this month that it would report heavy losses because of problems on its health insurance operations, yesterday posted a \$108m fourth-quarter loss.

\$8m gain from favourable adjustments of prior year reimbursement issues and the gain on the sale of an investment in a health care-related venture in the second quarter.

The company's problems have taken a toll on its share price which yesterday morning fell 5/8 to \$22, a fraction above its year's low point. Earlier this year the shares were trading above \$33 a share.

Christiania in Nkr 188m rights issue

By Our Oslo Correspondent

CHRISTIANIA Bank, Norway's second largest commercial bank, is to raise Nkr 188m (\$25.8m) in a one-for-six rights issue. Strong growth throughout this year has made the issue necessary in order to comply with legal requirements on capital ratios, the bank said.

Ogden selling food unit for \$320m

BY WILLIAM HALL IN NEW YORK

OGDEN CORPORATION, the New York-based services company, is selling its Ogden Foods Products Corporation to the Chicago-based IC Industries for \$320m.

Ogden Food Products markets soups, sauces, breadcrumbs and health foods under a variety of brand names including Progresso, Hollywood and Las Palmas.

had operating profits of \$8.5m on sales of \$258.8m which compares with operating profits of \$15.8m and sales of \$277.6m in 1984. The drop in profits was due to a substantial marketing investment in the nationwide launch of the group's Progresso soup brand.

Alcan profits higher at nine months

By Robert Gibbons in Montreal

ALCAN ALUMINIUM of Canada posted higher profits in the third quarter and nine months helped by continuing good margins on sales of fabricated products and lower input production costs.

Dart & Kraft suffers setback after spin-off

BY OUR NEW YORK STAFF

DART & KRAFT, the diversified US food group being separated into two public companies, suffered a third-quarter setback, with net earnings falling to \$21.2m, or 17 cents a share, from \$116.1m, or 80 cents.

efforts, as well as the closure of its South African business. The group said earnings from continuing operations were also affected by a higher-than-expected tax rate. Foreign currency losses were put at 3 cents a share.

Goodrich registers strong third quarter

BY DAVID BLACKWELL IN NEW YORK

B. F. GOODRICH, the world's largest maker of PVC compounds, which put its tyre business into a joint venture with Uniroyal on August 1, has reported a much stronger third quarter following what it called "a year of transition".

Swedish Match. More than just Swedish, and more than just Matches.

With a name like ours you'd be forgiven for assuming we are a Swedish company that only makes matches. In fact, Swedish Match is an international corporation comprising six independent groups whose business activities include home improvement, consumer products, packaging and chemicals.

FINANCIAL HIGHLIGHTS*
Jan-Aug 1985 (£m) Jan-Aug 1986 (£m)
Sales 625 645
Operating Income 29 31
Income after financial items 12 18

Sweetened bid for food group
By Bernard Simon in Toronto
CAMPEAU, the Canadian property developer, has further sweetened part of its offer to shareholders of Allied Stores, the big US retailer at the centre of a month-long takeover battle.

The six groups that comprise Swedish Match are: SWEDOOR, CONSUMER PRODUCTS, ÅKERLUND & RAUSING, ALBY.

TARKETT
One of the world's leading manufacturers of flooring products, with 11 production units in Europe and the US. 80% of Group sales are outside Sweden.

KITCHENS
Around 130 sales outlets throughout Nordic countries, with HTH and Marbodal as the main brand names. Over 50% of total sales are outside Sweden and are rising steadily.

SWEDISH MATCH
Please return to Swedish Match AB, Corporate Information, Box 16100, S-103 22, Stockholm, Sweden. Please send me copies of the latest Swedish Match Annual & Interim Reports.

CONTINENTAL Illinois Corporation, the parent of the big Chicago bank which was rescued by US bank regulators in 1984, yesterday gave another signal of its steady recovery to full financial health by announcing resumed dividends on its common stock.

Payout resumed at US bank

By Our New York Staff

CONTINENTAL Illinois Corporation, the parent of the big Chicago bank which was rescued by US bank regulators in 1984, yesterday gave another signal of its steady recovery to full financial health by announcing resumed dividends on its common stock.

For the nine months, net profit was \$192m or \$1.92 a share, up from \$22m or 23 cents a share a year earlier. Sales were \$4.47bn against \$4.25bn.

Goodrich registers strong third quarter
BY DAVID BLACKWELL IN NEW YORK
B. F. GOODRICH, the world's largest maker of PVC compounds, which put its tyre business into a joint venture with Uniroyal on August 1, has reported a much stronger third quarter following what it called "a year of transition".

Allied Signal lifts profits 70%

BY OUR NEW YORK CORRESPONDENT

ALLIED SIGNAL, the US industrial conglomerate, registered a gain of more than 70 per cent in net profits in the third quarter, but partly as a result of consolidating the operations of Signal, the aerospace and engineering group acquired a year ago.

earnings rose to \$536m, or \$2.88 a share, against \$311m, or \$3.77 a share. Sales increased to \$1.75bn in the nine months from \$1.5bn in 1985.

last year had also helped the group's performance, he added, and the gains had been achieved despite a \$71m reduction in net income compared to last year due to the group's interest in Union Texas Petroleum.

INTL. COMPANIES and FINANCE

Michael Field on a Bahrain group formed for foreign investment Investcorp finds formula for growth

THERE ARE few companies in the recession-struck Middle East that have improved their performance in each of the last three years and are set to turn in their best results yet in 1986. One exception is the Bahrain-based Arabian Investment Banking Corporation (Investcorp), which was established in 1982 to buy companies and property in the industrialised countries and sell shares in them to rich Arabs in the Gulf and Saudi Arabia.

The company readily admits that the reason for its success is that it is linked to the one growth area of the Gulf's economy, foreign investment. At the end of last week Investcorp finalised its 14th major deal, the purchase for \$83m of the Peabees Department store chain. The group it is buying was founded 95 years ago and has 59 stores spread over Virginia, North and South Carolina, Maryland and Delaware. Investcorp has invited Shearson Lehman Brothers to be its partners in marketing the company's equity and debt. When the Peabees deal is completed Investcorp will have made investment worth about \$1.2bn.

Mr Kirdar noticed in the 1970s that large numbers of bankers were visiting the Gulf with good investment proposals but that the potential Arab clients, despite having earmarked capital for foreign investment, were not responding. He saw two problems in particular. The Arab's reaction was too slow for them to get the best properties and direct corporate investments that were offered, and there were

Typically the target company

With the purchase late last week of the Peabees Department Store chain for \$83m, Investcorp has spent \$1.2bn in the past three years on foreign investment and is set to turn in record results this year

and its headquarters in Bahrain. The London office looks for investment opportunities in the case of direct corporate investment. Investcorp wants companies that have current cash income and well-known brand names, and which offer investors the prospect of a significant capital gain in a reasonable period of time. It is not interested in venture capital operations.

Normally this involves the creation of roughly 50 per cent senior debt, 40 per cent subordinated debt, paying a slightly higher rate, and 10 per cent equity. The senior debt is placed with international banks, and American and European institutional investors take a large part of the subordinated debt. In the case of the jeweller Tiffany, which has been Investcorp's most famous purchase, General Electric Credit Corporation took all the senior debt, 40 per cent of the subordinated debt, and a quarter of the equity. In most cases the equity is divided between the company's management, which may take 10 or 20 per cent, Investcorp itself, which always keeps a small stake to show its confidence in its deals, and Middle Eastern investors. In effect the Bahrain office, which does the packaging and retailing of the companies, combines portions of equity and remaining subordinated debt, and sells them in units of say \$100,000 to investors in the Gulf. A typical unit might contain \$55,000 of equity and \$45,000 of loans. It has just sold the interest it acquired three years ago, in the ManLife Plaza building in Los Angeles which it marketed in \$250,000 units composed entirely of equity. It is paying investors this month, and their cheques will contain in addition to a good rental income, a capital gain of more than 20 per cent.

So he decided that the area needed an institution which could agree to a deal, straight away and then "turn round, carve it up and make it available in \$1m pieces."

To make the institution credible with his future customers, Investcorp at its launch sold its shares to as many investors as possible in the six Arab oil producing countries—Saudi Arabia, the United Arab Emirates, Kuwait, Bahrain, Qatar and Oman. In effect the 325 founder shareholders became the customer base. The company has an office in London (its only one abroad)

Fletcher Challenge acquisition

BY OUR FINANCIAL STAFF

FLETCHER CHALLENGE, New Zealand's largest industrial company, has further shifted the balance of ownership in the Australasian foods sector by taking a 9.9 per cent stake in Goodman Fielder, a conglomerate created in March to combine food interests on both sides of the Tasman. Goodman Fielder in August

bought 14.6 per cent of Ranks Hovis Macdonald, the UK flour milling and baking group. Fletcher becomes a Goodman shareholder in place of Arnotts, the Australian biscuit maker which is selling its holding for A\$133.6m (US\$85.15m). The nominal payment to Arnotts will come mainly in NZ\$128.5m (US\$83.9m) worth of Fletcher shares, priced ex dividend at

NZ\$5.14. Fletcher's own employee unit trust will, however, immediately repurchase the company's shares at the issue price. Mr Pat Goodman, chairman of Goodman Fielder, said the Fletcher purchase "took place with the company's knowledge and encouragement."

Setback for NTN Toyo Bearing
By Yoko Shikata in Tokyo
NTN TOYO BEARING, one of Japan's biggest manufacturers of bearings, suffered a 62 per cent drop in earnings at both the pre-tax and net levels during the first half-year to September, as the appreciation of the yen hit exports and stiffer competition led to price cuts in several markets.

Wattie Industries earnings down 21%

BY DAI HAYWARD IN WELLINGTON

WATTIE INDUSTRIES, the New Zealand canning, food and meat processing group, has reported net profits of NZ\$49m (US\$34.97m) for its latest year, a drop of 21.2 per cent from the previous NZ\$61.2m. This was despite a NZ\$20.5m tax benefit achieved by including dividends which are not

accessible for tax purposes and by claiming interest as a deduction. Extraordinary gains of NZ\$91.8m included NZ\$118.7m from the sale of Wattie shares in the old Goodman Group and acquisition of shares in Goodman Fielder. This was partly offset by a NZ\$35m writedown of the value

of the group's share in Wattie International, a meat processing group. The directors said factors ranging from increased labour costs to reduced earnings from the meat industry caused the decline in profits, which came after many years of sustained growth. They forecast a return to higher profits next year.


The company announced that it will reduce its 7,000 workforce by 200 people a year at its factories in Japan and will shift more production overseas in an effort to combat the effects of the yen's increasing strength. Pre-tax profits fell 52.8 per cent to Y2.9bn (\$18m) and net profits by 62 per cent to Y1.9bn, while sales dropped by 5.4 per cent to Y114.31bn. The company is forecasting a drop of one-third in full-year pre-tax profits to Y8.5bn on sales down 2.5 per cent to Y234.3bn.

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Malayan Banking Berhad
US \$60,000,000
Negotiable Floating Rate Dollar Certificates of Deposit due 1987 Tranche B

In accordance with the provisions of the Certificates, notice is hereby given that the rate of interest for the period from 21st October 1986 to 21st January 1987 has been established at 6 1/4 per cent per annum. The interest payment date will be 21st January 1987. Payment, which will amount to US \$3,993.06 per Certificate, will be made against the relative Certificate.

Agent Bank
Bank of America International Limited

NOTICE OF REDEMPTION
US \$20,000,000
Svenska Handelsbanken FRCD Due 30th November 1987

In accordance with the terms of the subscription agreement, we hereby notify the noteholders that Svenska Handelsbanken, Stockholm, have elected to redeem the entire principal amount on 20th November, 1986.

On the redemption date the FRCD's shall become due and payable upon presentation and surrender thereof at Svenska Handelsbanken Plc, 17 Devonshire Square, London EC2M 4SQ.

Bank of Greece
US \$150,000,000
Floating Rate Notes due 1994


Notice is hereby given that the Rate of Interest relating to the above issue has been fixed at 6 1/4 per cent for period 21st October, 1986 to 21st January, 1987.

Agent Bank:
Morgan Guaranty Trust Company of New York
London

FIRST CITY
BANCORPORATION
OF TEXAS, INC.
US\$100,000,000
Floating Rate Notes due January, 1995

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period 22nd October, 1986 to 22nd January, 1987, has been fixed at 9 1/4 per cent per annum. Interest will therefore be payable at US\$161.22 on 22nd January, 1987.

MANUFACTURERS HANOVER TRUST COMPANY
Agent Bank



Dresdner Finance B.V.
Amsterdam
U.S. \$ 400,000,000
Floating Rate Notes 1983/1983 with Warrants

The Rate of Interest applicable to the Interest Period from October 21, 1986 to April 20, 1987, inclusively, was determined by Morgan Guaranty Trust Company of New York, London, as Reference Agent to be 6 1/4 per cent per annum. Therefore, interest per Note of US\$10,000 principal amount is due on April 21, 1987, the relevant interest payment date, in the amount of US\$ 326.97.

Dresdner Bank
Aktiengesellschaft
Principal Paying Agent
Dresdner Bank Group

ALLIANCE LEICESTER
Alliance & Leicester Building Society
£300,000,000
Floating Rate Notes 1994


Notice is hereby given that the Notes will bear interest at 11.705% per annum for the interest period 20th October, 1986 to 20th January, 1987.

Interest payable on the relevant interest payment date, 20th January, 1987 will amount to £147.52 per £5,000 Note.

Agent Bank:
Morgan Guaranty Trust Company of New York
London

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New Issue / October, 1986



U.S. \$100,000,000

Dansk Eksportfinansieringsfond
(Danish Export Finance Corporation)

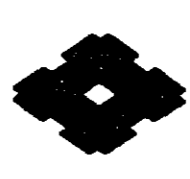
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NEW ISSUE 17th October, 1986



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Sumitomo Finance International **Sumitomo Trust International Limited**

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INTERNATIONAL CAPITAL MARKETS and COMPANIES

David Barchard on financial reforms in an underdeveloped economy Turkey edges towards free market

TURKEY'S long-suffering businessmen may soon obtain some relief from the positively high interest rates they are paying on corporate loans. The relief is expected to come in a few weeks' time when Mr Turgut Ozal, the Prime Minister, unveils a series of measures designed to foster the growth of the country's embryonic financial markets.

the freeing of competition between banks on deposit rates; And the setting up of a Government securities market. The introduction of commercial paper is by far the most significant: it could make finance available to companies at 30 to 40 per cent below bank lending rates. One senior



Turgut Ozal: stimulated economic demand

Ankara official said he was expecting initial commercial paper volume of up to TL 200bn in the first year. Turkish businessmen must rely at present on costly bank loans or on a modest and stagnant corporate bond market. For smaller businesses, there is an unregulated promissory note system which costs 6 per cent monthly interest and frequently sees the notes not honoured.

TSE may cut large deal rates by 10%

By Our Tokyo Staff

TOKYO Stock Exchange is considering cutting commission rates by an average of 10 per cent on larger share transactions. A formal decision is expected to be taken this week and the new rates, if agreed, will be put into effect in the middle of next month.

The TSE's proposals represent a compromise on the part of the brokerage community, which has found itself under pressure from the Ministry of Finance—after an exceptionally strong performance this year—to accept total liberalisation of the commission structure.

Among the four leading securities houses, Nomura is forecasting an 80 per cent increase in gross revenue to ¥380bn (\$2.46bn). Daiwa is 95 per cent rise to ¥240bn. Nikko a 77 per cent rise to ¥200bn and Yamachika a 74 per cent rise to ¥180bn.

Dealers mark down dollar Eurobonds in thin trading

BY CLARE PEARSON

DEALERS marked prices of dollar Eurobonds down by about a point yesterday in thin professional trading as the market focused on today's US GNP figures. New issues activity was confined to the non-dollar or equity-related sectors.

UBS (Securities) followed up last week's three Canadian dollar bonds with a 10-year 10 per cent issue for Xerox Canada Finance, backed by a support agreement with Xerox Canada.

yesterday prices were marked down by up to a point. But Remy Finance's seven-year bond met strong demand as the issuer is rare but popular, and as investors were attracted by the generous coupon and the flexibility provided by the fixed-rate option.

The par-priced FRN traded at 99.75 on the bid side, within 35 basis point fees. The FRN pays a percentage point over three-month London interbank offered rate (Libor) for the first three months, and then the lower of this rate and a 1/2 percentage point over the Paris interbank offered rate.

INTERNATIONAL BONDS

Japan banks seek futures role

BY OUR TOKYO STAFF

JAPANESE COMMERCIAL banks are planning to seek permission from the Ministry of Finance to act as intermediaries in the bond futures market, which is currently celebrating its first anniversary of trading

on the Tokyo Stock Exchange with evidence of a huge expansion of business. The banks' approach, which is likely to be made in the form of an official application by the Federation of Bankers' Associations of Japan within the next week, rests on the claim that much of the recent growth of the bond futures industry has derived from dealings between financial institutions from their own banks.

Cepsa to sell refining stake

By Our Financial Staff CEPSA, the Spanish oil refining group, is negotiating the sale of up to 50 per cent of its Canary Islands refinery to Venezuela's state-owned Corponav.

Benedetti eyes BankAmerica offshoot

BY ALAN FRIEDMAN IN MILAN MR CARLO DE BENEDETTI said yesterday that Cofide, his master holding company, had told the Bank of Italy that it might be interested in acquiring Bank of America's Italian subsidiary "together with international operations."

FT INTERNATIONAL BOND SERVICE

Listed are the 300 latest international bonds for which there is an adequate secondary market. Closing prices on October 20

Table with columns: US DOLLAR, OTHER CURRENCY, and various bond details including issuer, maturity, and price.

Table with columns: FLUENT RATE, Bid, Offer, and various bond details.

Table with columns: CONVERTIBLE, Bid, Offer, and various bond details.

Table with columns: YEN STRANDED, Bid, Offer, and various bond details.

Table with columns: CREDIT SUISSE, Bid, Offer, and various bond details.

Table with columns: YEN STRANDED, Bid, Offer, and various bond details.

The prices on the past week were supplied by: Kreditbank AG; Commerzbank AG; Deutsche Bank AG; Westdeutsche Landesbank Girozentrale; Algemeine Bank Nederland NV; etc.

Advertisement for Norges Kommunalbank. Includes logo, text: 'NEW ISSUE', 'This announcement appears as a matter of record only.', 'OCTOBER, 1986', 'U.S. \$150,000,000', '8 per cent. Guaranteed Bonds Due 1994', 'The Kingdom of Norway', and a list of international banks.

Esab earnings decline 26% at nine months

By Sara Webb, Stockholm Correspondent

ESAB, the world's leading manufacturer of welding equipment, suffered a 26 per cent drop in profits, after financial losses, for the first nine months to SKR 181m (US\$14.8m), against SKR 137m in the corresponding period last year.

The group expects profits for the full year to be below last year's figure of SKR 294m in view of the deteriorating market situation. With the lower oil prices this year, Esab has experienced less demand for welding equipment from the offshore sector.

Orders from the Middle East, South-East Asia, and China have virtually ceased, the company says. However, demand from West Germany, Italy, and Brazil was strong, and exports to the Soviet Union increased. Orders received included arc for welding equipment worth SKR 230m.

Demand for mechanised welding equipment and the components for automatic welding equipment has increased in Western Europe, and sales of robot welding units has increased by 26 per cent.

The group has over 40 per cent of the market in welding electrodes in Western Europe.

Credit Suisse bond issue

By Our Financial Staff CREDIT SUISSE, the big Swiss bank, plans an issue totalling SFr 300m comprising 21 year notes indicated at 44 per cent and a 12 year bond indicated at 41 per cent. Final terms will be set on Thursday, subscriptions close October 31 and payment date is November 20.

Handwritten text in Arabic script at the bottom center of the page.

Businesses For Sale

FARMER ENGINEERING LIMITED IN RECEIVERSHIP STEEL FABRICATORS & ERECTION CONTRACTORS

FARMER CABINS MANUFACTURING LIMITED IN RECEIVERSHIP MOBILE CABIN MANUFACTURERS

Eureka Engineering Co Ltd (In Members Voluntary Liquidation) FOR SALE AS A GOING CONCERN

APPOINTMENTS Michael Witt joins Merrill Lynch

Mr Michael Witt has been appointed European equity market strategist and manager of European research for MERRILL LYNCH EUROPE.

Mr Roderick M. Collins (UK) has joined the board of DBI HOLDINGS INC. Mr Collins, a director of Matheson and Co, is responsible for its financial services activities.

Dr Alan Bailey has been appointed medical director of BUPA MEDICAL CENTRE in London. He succeeds Dr William L. Dixon, who is retiring.

Mr Herb Nahapiet has been appointed a director of MOWLEM MANAGEMENT. He joined in January as an associate director.

BET has appointed Mr Brian Thompson to its board from November 1, less than a year after he took over as chief executive of Initial, BET industrial services company.

GLANFIELD LAWRENCE has made the following changes to its board. Mr John Feltham has resigned as chairman and as a director.

Mr Frank Baldrey, formerly chief executive of the industrial division of BOC, has been appointed a director of THOMSON - ENGINEERING AND MANAGEMENT.

EVODE GROUP has appointed Mr A. J. Wain to the board as finance director. He was previously with Valco.

Mr Stephen Bogira has been appointed group financial director of SWAN NATIONAL, and a director of its subsidiaries, Swan National Rentals, Swan National Leasing, and Swan National Camels Hookays.

Mr Adam Charraud, a banker, has been appointed director of MOWLEM MANAGEMENT CONSULTANTS.

Mr Frank Baldrey, formerly chief executive of the industrial division of BOC, has been appointed a director of THOMSON - ENGINEERING AND MANAGEMENT.

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MUNRO INTERNATIONAL TEXTILES LIMITED (IN RECEIVERSHIP)

ELEMETA LIMITED (IN RECEIVERSHIP)

Humberts

Legal Notices

FARMER CABINS LIMITED IN RECEIVERSHIP MOBILE CABIN HIRE OPERATORS

IN THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF COLORADO

NOTICE OF (3) HEARING TO CONSIDER CONFIRMATION OF PLAN; (2) TIME FIXED FOR FILING ACCEPTANCE OR OBJECTIONS TO PLAN; (1) TIME FIXED FOR FILING OBJECTIONS TO CONFIRMATION OF PLAN; AND (4) TIME FIXED FOR FILING OBJECTIONS TO THE ASSUMPTION OF EXECUTORY CONTRACTS PURSUANT TO THE PLAN

STORAGE TECHNOLOGY CORPORATION, and affiliated companies.

STORAGE TECHNOLOGY LEASING CORPORATION, et al.

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STORAGE TECHNOLOGY CORPORATION

Businesses Wanted

Financial services acquisition

PROFITABLE COMPANIES WANTED

BUSINESS WANTED

BUSINESS WANTED

MORTGAGE BROKERAGE WANTED

HEALTH CARE GENERIC PRODUCTS

HIGHLY PROFITABLE MOTOR GROUP

WELL-FUNDED PRIVATE COMPANY

RETAIL SERVICE STATIONS

BUSINESS WANTED

Private Company

CONTRACTS British aircraft for Swiss ambulances

Swiss Air Ambulance has ordered two AIRDO SPACE 125-800 twin-engine jet transports. The order, valued at about £10m, calls for the aircraft to be delivered to Zurich for conversion to the role of the ambulance interiors.

JCB has placed an order worth £2.6m with McDonnell Douglas INFORMATION SYSTEMS for multiple computer-aided design and manufacturing (CAD/CAM) systems.

The Andhra Pradesh State Electricity Board in India has awarded contracts worth around US\$3m (£2.1m) for a total of 500 "P&G" SF6 automatic reclosers.

FLINTAE WEIGHING OF Run-cort, Cheshire, is to supply Davy McKee (London) with three 60 tonne weighbridges. They will be installed as part of a \$24m development project at Norsk Hydro Fertilizers works at Immingham, Humberside.

PLC with an existing contract hire business wishes to acquire a well managed company with a contract hire fleet of over 1,000 vehicles.

Wishes to acquire other Training Companies. Residential Training Centres are of interest.

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SILWOOD HIRE COMPANY LIMITED IN RECEIVERSHIP MOBILE CRANE HIRE OPERATORS

SMALL INVESTMENT COMPANY For Sale

SMALL INVESTMENT COMPANY For Sale

The Nanking Cargo PORCELAIN RAISED FROM THE WRECK OF THE GELDERMALSEN SUNK IN THE SOUTH CHINA SEA 234 YEARS AGO

UK COMPANY NEWS

Hanson sells US offshoot to Hitachi Zosen

BY CHARLES BACHELOR

Hanson Trust, the diversified industrial holding company headed by Lord Hanson, is selling Clearing, a US manufacturer of metal presses, to Hitachi Zosen, the Japanese shipbuilding and heavy engineering group, for \$64m (\$45m). Clearing was acquired by Hanson in 1984 as part of its acquisition of US Industries, a Connecticut-based manufacturing group. It made a pre-tax profit of \$3.9m on turnover of \$38m in the year ended September 1985. It had a net asset value of \$64m at that year end. Clearing, which is based in Chicago, Illinois, has had a long-standing relationship with Hitachi Zosen and has been making presses for the automotive industry from their designs since 1955. The Clearing sale is the latest in a long series of disposals of parts of the companies Hanson has acquired in takeover bids in recent years. Earlier this month it announced the sale of Golden

Wonder, the former Imperial Group crisp and snack business to Dalgety for \$37m. Since acquiring US Industries for \$631m in May 1984 Hanson has sold about seven of the company's 30 profit centres, to raise between \$125-150m. Mr Martin Taylor, a Hanson director said: "Hitachi Zosen, which has no links with Hitachi, the diversified Japanese group, will pay 40 per cent of the purchase price in cash and the remainder in two-year notes. The deal will be completed in November. Hanson has continued to dispose of small parts of US Industries operations over the past year or so but attention has been focused on the sale of parts of Imperial and SCM, the US conglomerate bought for \$930m last December. Last September, Hanson sold Courage brewers (part of Imperial) to Elders IXL for \$1.4m while in August it disposed of Glidden Paints, for \$580m, to ICL.

US group reviews tie-up with Lex

By Alice Rawthorn

Lex Service, the motor and electronics distribution group, yesterday announced that National Semiconductor is reviewing its relationship as a supplier to Schwabe, Lex's largest subsidiary in the US semiconductor distribution field. National has taken the decision to review its role as a supplier to Schwabe because of a perceived conflict of interest in Schwabe's decision to distribute the products of one of its competitors, Texas Instruments.

Schwabe has ceased to distribute National's products in eight of its 22 locations in the US. According to Lex it does not know whether National will terminate its agreement to supply other Schwabe locations.

In 1985 National is thought to have provided ten per cent of Lex's \$400m turnover in the US electronics industry. Lex hopes that, in the long term, Texas Instruments' products will generate roughly double the sales of National.

In the last two years Lex has had a rough ride in the US. Its semiconductor interests have fared badly in the US electronic slump. This summer the company diversified into the less vulnerable area of connectors, with the acquisition of Richey/Impact Electronics, in order to reduce its exposure to semiconductor.

Lex's US electronics interests operated at a loss of \$200,000 in the first half of this year, but had been nursed back to breakeven by the end of the interim period and are now thought to be producing a modest profit.

Davidson Pearce in agreed £12m bid

BY CLAY HARRIS

Davidson Pearce Group, holding company for Britain's seventh largest advertising agency, is to merge with Counter Products Marketing (CPM), the sales promotion and marketing services concern. The combined group will have a market capitalisation of £31m. The offer by Davidson Pearce values CPM at £11.53m. Davidson Pearce is to issue up to 7.68m new ordinary shares, approximately 37.2 per cent of the enlarged share capital, and to offer three of these shares for every four CPM ordinary shares. It has received irrevocable acceptances from directors and major shareholders representing more than 54 per cent of CPM shares.

Davidson Pearce shares closed 3p down at 150p yesterday, and CPM shares advanced 10p to 110p.

Both companies came to the market last year. Davidson Pearce to a full listing with an offer for sale that valued it at £20.8m, CPM to the USM with a share placing that valued it at £12.5m.

The US-based Ogilvy Group, Davidson Pearce's parent until a management-staff buyout of 60 per cent of the equity in

1983, will see its holding fall further from 23.5 per cent to less than 15 per cent of the combined group.

The Davidson Pearce agency and CPM's sales promotion side will continue to be run separately by their present managements, but the company expects increased referral of clients between the two.

The advertising agency is expected to account for two-thirds of profits, but Mr Elaves, who will head the combined group, emphasised: "It's an equality of skills that is being brought together." Mr Richard Morris-Adams, CPM chairman, will become deputy chairman of Davidson Pearce.

CPM ranks in the top ten in UK sales promotion, while Davidson Pearce in recent years has added prestige clients such as Marks and Spencer, Fiat and Robert Bosch to its veteran tea-drinking stars, Brooke Bond Oxo's PG Tips chimps.

Davidson Pearce last month reported interim pre-tax profits up 14 per cent to £1.3m, on turnover 11 per cent ahead at £30.74m.

CPM lifted pre-tax profits by 3.6 per cent to £602,000 in the first half on turnover of £5.98m, a 22 per cent advance.

PPI to list HK arm

Polly Peck International, the fruit packaging, electronics and mineral bottling group, plans to list its Hong Kong subsidiary on the colony's stock exchange within the next year. It announced its intention at the same time as the acquisition of Impact Textiles, a Hong Kong-based garment trading company, for HK\$61.5m (£5.5m). Impact buys Asian-made

clothes and shoes and sells them to European multiples and mail order houses. In the year to March 31 1986 it made after-tax profits of HK\$13.5m (£1.5m) on turnover of HK\$234m (£22.8m).

Polly Peck also announced its intention to buy out the 50 per cent outside interest in Shui Hing, a Hong Kong textile company.

Wapping hits Usher-Walker

BY NIGEL CLARK

THE DISPUTE at News International's plant at Wapping, East London has continued to affect the results of Usher-Walker, printing ink and roller manufacturer. Pre-tax profits were down 6 per cent at £225,000 against £248,000 and Mr Peter Walker, chairman and managing director, said that profits would have been quite a lot higher but for the dispute. However, he added that sales to newspapers generally had been quite buoyant. The company was supplying most of the ink for the Daily Telegraph's new web offset printing plants and for the contract printing of The Independent.

As the market leader in the sector, Mr Walker said that the company was hoping to benefit further from the increasing use of web offset printing by newspapers. He was also hopeful of being able to recover sales to News International when the dispute was settled.

Turnover for the period was up at £5.54m, against £5.34m. Earnings per 10p share came out at 8.34p (5.24p) and an interim dividend of 2.45p has been declared against 2.5p last time. There was a total payment last time of 7.3p on pre-tax profits of £345,000. Mr Walker said that in the present half some improvement in margins was anticipated together with an increase in sales volume.

The tax charge was £145,000 (£160,000) and dividends absorbed a total of £54,000 (£49,500).

NOBLE and Land, machine-tool and flat-pack furniture group, said yesterday that 2.05m ordinary shares (29.45 per cent), of its issued share capital, had been placed with institutional and other investors. Quilter Goodison placed the shares at 105p on behalf of Gild Investments. Noble's shares closed yesterday at 106p, down 6p.

John Lees doubles to £0.2m

John J. Lees, confectionery manufacturer, more than doubled its profits in the first six months. The third quarter had started well and the directors were encouraged by the prospects for the remainder of the year.

Turnover for the half year to September 30 improved from £1.82m to £2.39m and profits

from £100,951 to £213,300 pre-tax.

After tax of £89,953 (£18,488) and minorities of £14,368 (£10,138) earnings amounted to 6.45p (3.82p) per 10p share. The interim dividend is doubled to 1p net.

The group benefited from growth in its business and manufacturing efficiency.

We'd like to get on first name terms.

PLEASE DON'T THINK we're advocating any unseemly informality. Far from it.

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As a matter of fact we think our size adds perspective to our experience and skills.

Big can be beautiful too, you know. We'd like to put our skills at your service. And to begin with, let's run through what we do.

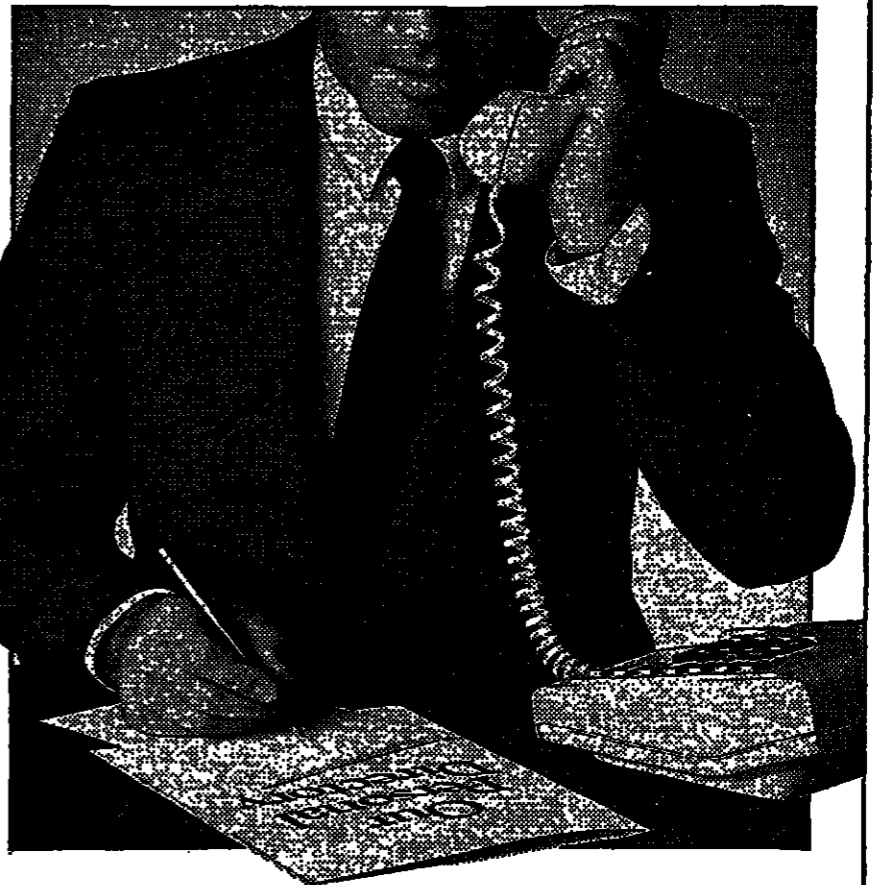
Our investment people handle buying and selling, and the funding of property development.

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NORTON OPAX NORTON OPAX NORTON OPAX NORTON OPAX NORTON OPAX
 This advertisement is published by Samuel Montagu & Co. Limited on behalf of Norton Opax plc.
 The Directors of Norton Opax plc are the persons responsible for the information contained in this advertisement.
 To the best of their knowledge and belief (having taken all reasonable care to ensure that such is the case) the information contained in this advertisement is in accordance with the facts.
 The Directors of Norton Opax plc accept responsibility accordingly.

NORTON OPAX

Final Offer* for McCorquodale PLC

Value of Norton Opax Final Offer:

294p

McCorquodale Share Price:

263p

Closing date* of Final Offer
1.00pm, Wednesday
22nd October, 1986

*The Final Offer is due to close, subject only to Norton Opax's right to extend, at 1.00pm on Wednesday, 22nd October, 1986. The Norton Opax offer is final, subject only to the right to reconsider the position in the unlikely event of a competing offer.

The value of the Norton Opax Final Offer and the McCorquodale Share Price are based upon the respective share prices of Norton Opax and McCorquodale at 3.30pm on 20th October, 1986 the latest practicable time prior to the printing of this advertisement.

NORTON OPAX NORTON OPAX NORTON OPAX NORTON OPAX NORTON OPAX

What Goldman Sachs brings to a British equities discussion.

Trading
U.K. equities
and ADRs.

Member of the
London
Stock Exchange.

Researching
the U.K.
economy.

Providing
research on
U.K. companies.

Sponsoring
the FT-Actuaries
World Indices.TM

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block and program
trading for U.K.
institutions.

Providing
specialised investment
services for
pension funds.

Big Bang is the sound of change. Not the least being the ways British shares are bought and sold.

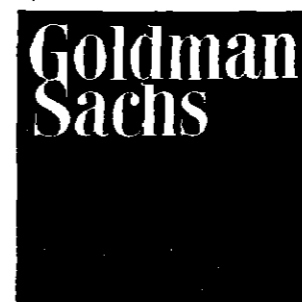
We have a long history of providing investors with high-quality sales, trading and research coverage. Through our new member firm on the London Stock Exchange, we look forward to offering more of our skills in London.

Indeed, we've already started. We're at home with the new dual capacity system because that's how we've operated for years. All of our skills, all under one roof, all working together to serve our clients.

We've been serving British business in London for nearly 20 years. Shouldn't we be discussing British equities with you?

*Jointly compiled by the Financial Times, Goldman, Sachs & Co. and Wood Mackenzie & Co. Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

Goldman Sachs International Corp.
and Goldman Sachs
Equity Securities (U.K.), Limited
(Member of The Stock Exchange effective October 27, 1986)
5 Old Bailey, London EC4



London New York Tokyo Zurich Hong Kong

UK COMPANY NEWS

STERLING COMMERCIAL PAPER

Market Update

30
Publicised programmes to date

4
Sterling CP Options incorporated in other facilities

Leading Dealer/Arranger with 12 publicised programmes

COUNTY NATWEST CAPITAL MARKETS

& The NatWest Investment Bank Group

Blacks Leisure rescue team planning expansion

BY MIKE SMITH
THE CONSORTIUM which this month agreed a £1m rescue package to save Blacks Leisure from receivership is planning to expand the group.
Mr Bernard Garbacz, who will become Blacks chairman under the rescue plan, said yesterday that he and the two other members of his consortium believed strong management could make the group extremely profitable and this would enable it to acquire more stores.
Mr Garbacz outlined his confidence in a letter to shareholders in which the group also announced its intention to seek further "essential" finance through a rights issue.
In the document, Mr Mervyn

Frankel, who is stepping down as chairman, said the board believed the company's business was fundamentally sound and was capable of being substantially developed given an adequate capital base.
Yesterday, the Blacks share price rose 1p to 84p.
Two months ago Blacks, which sells camping and leisure equipment, unveiled a pre-tax loss of £1.6m in the year to March and said it had agreed to a £3.3m takeover by Sears, the retail group. The deal, however, fell through.
Mr Garbacz's consortium has agreed to provide the £1m of funding to Blacks by taking up 33.3m new ordinary 2 1/2p shares. This will give it 37.46 per cent

of the ordinary shares but, because of the voting rights of preference shareholders, only 34 per cent of votes.
Mr Garbacz, 53, is a senior partner of accountants Landon Marley and was a member of the group of investors and managers which last year acquired furniture group Maples, Waring and Gillow. He will initially be Blacks finance director as well as chairman.
His two partners in the consortium are Mr Alan Thornton, 39, the former managing director of Lotus Shoes who will become Blacks managing director and chief executive, and Mr Leslie Lesser, 52, an accountant who will join the board as non-executive director.

Triefus keeps up recovery with £443,000

Triefus consolidated its recovery in the first half of 1986 and reported profits up from £258,000 to £443,000. For the full year the directors expect an improved result over 1985, when pre-tax profit was £793,000.
The group is engaged in the marketing, processing and valuation of diamonds, in engineering, and contract drilling.
For the first time in many years the manufacturing operation in England showed a profit, and the rate of losses in certain overseas subsidiaries were being reduced.
This stemmed from the reorganisation overseas.

Forward Technology gains from margin improvement

Forward Technology Industries, manufacturer of electronics and specialised machinery, increased its first half profits to £320,000 pre-tax, an improvement of £388,000 over last time's static £122,000.
Total sales revenue advanced by 15 per cent and the profit margin before central overheads and interest improved from 4.5 per cent to 6.5 per cent.
Mr Henry Prevezer, the chairman, said yesterday that the electronics activity continued to show improvements in order book, sales and profit margins.
As indicated in his letter accompanying the recent rights issue the directors were actively reviewing the ultrasonic manufacturing capacity

During the half year (to June 30 1986) the sound and vision activity was particularly affected by a downturn in Cambrasound's performance.
Mr Prevezer said this was primarily because of a customer cancelling a significant product line and resulted in the majority of the division's losses - they rose from £61,000 to £236,000.
Overall, order books for both activities were currently higher than a year ago and the directors were looking forward to the year end with confidence. They expected the European manufacturing base and market strength to prove a key advantage in coming years.
Earnings for the opening half improved to 1.5p (0.1p) but as in previous years there is no interim dividend. The directors expect to pay the forecast final of 0.7p (0.5p).
Group turnover rose to £13.7m (£11.14m). The electronics side lifted its contribution to £8.45m (£6.23m) and its profits to £1.1m (£557,000).

Snowdon & Bridge growth continues

CONSIDERABLE progress has been made by Snowdon & Bridge, which serves the catering trade, and the directors said the company is in a strong position to continue the profitable progress into next year and beyond.
Turnover in the half-year ended July 31 1986 rose from £10.5m to £11.19m, operating profit from £399,000 to £562,000, and the pre-tax balance from £365,000 to £573,000.
The company's shares were placed on the UK stock exchange on July 31 1986 at 97p - yesterday they were up 2p to 150p. There is to be an interim dividend of 1p net and the directors forecast a final of not less than 2p. For the year ended January 31 1986 the payment was 1p from a pre-tax profit of £910,000.
Snowdon & Bridge distributes a wide range of food and non-food products to the catering trade, and has ancillary

wholesale cash and carry interests.
In the half year catering delivered sales were ahead 10 per cent and the higher margin non-food sales by 20 per cent. Catering sales through the Birmingham warehouses were running up forecast.
The directors reported that sales were very strong and they anticipated this remaining so throughout this year.
Porter Provisions, acquired on August 3, was fully integrated into the company's system. In the second half its sales contribution would be some £2m and, after redundancy and other rationalisation costs, it would produce a profit.
The directors said they were having discussions with other companies to expand the business further.
Earnings in the half year worked through at 5.55p (3.55p) after tax of £211,000 (£150,000).

Clayform Props. confident despite first half loss

Clayform Properties suffered a downturn into losses of £254,000 pre-tax in the first half of 1986 compared with a profit of £5,000. However, the directors said that interim results did not bear any relationship to the full year, especially this year as the second half would be boosted by the £86m acquisition of Samuel Properties.
The result was achieved on turnover of £5.57m (£4.39m) and the losses per 5p share came out at 2.5p, against earnings last time of 0.1p. An interim dividend of 2.5p (nil) is being paid with a forecast of a final of 5p. Last time there was a single final payment of 5p, from profits of £2.58m.
The directors added that as usual profits were dependent on the timing of completion of developments. With a high level of activity at the moment they expected a most pleasing outcome for the year.
Since the end of the period

sales of properties had resulted in bank deposits of more than £20m. New developments, such as the Schofield Centre in Leeds, valued at more than £45m, were in the final stages of negotiation.
Gross profit was £36,000 (£266,000) with further £22,000 (£287,000) from associates. Administration costs were £438,000 (£306,000) to leave an operating loss of £373,000 (£547,000 profit). The loss from its Yorkshire retail operation, Schofields, fell from £387,000 (£463,000) being profit of £473,000 (£463,000) less the financing costs of the acquisition of £510,000 (£550,000).
Net interest receivable was £81,000 against charges of £155,000.
The figures do not include any contribution from Samuel Properties, the offer for which became unconditional in July and which doubled Clayform's issued share capital.

Spice plc
Placing by CAPEL-CURE MYERS of 2,868,750 Ordinary shares of 5p each at 80p per share

CLARKE HOOPER plc
Placing by CAPEL-CURE MYERS of 2,100,000 Ordinary shares of 5p each at 130p per share

TVS TELEVISION SOUTH plc
ACQUISITIONS AND PROPOSED RIGHTS ISSUE OF 9,962,943 NEW ORDINARY NON-VOTING SHARES OF 10p EACH AT 200p
Underwritten by ANZ Merchant Bank Limited Whitbread & Co Plc Friends Provident Life Office
Brokers to the issue: Capel-Cure Myers

THE BODY SHOP International PLC
INTRODUCTION TO THE OFFICIAL LIST
SHARE CAPITAL
Number Ordinary shares of 5p each £ 12,500,000 Authorized 825,000
10,000,000 Issued allotted and fully paid 380,000
Brokers to the introduction: Capel-Cure Myers

HODGSON HOLDINGS plc
Placing by ANZ MERCHANT BANK LIMITED of 2,758,997 Ordinary shares of 5p each at 85p per share
Brokers to the issue: Capel-Cure Myers

FDS FLETCHER DENNIS SYSTEMS PC
Placing by CAPEL-CURE MYERS of 1,896,642 Ordinary Shares of 5p each at 70p per share

DEBFOR HOLDINGS plc
Placing by CAPEL-CURE MYERS of 1,537,500 Ordinary shares of 10p each at 130p per share

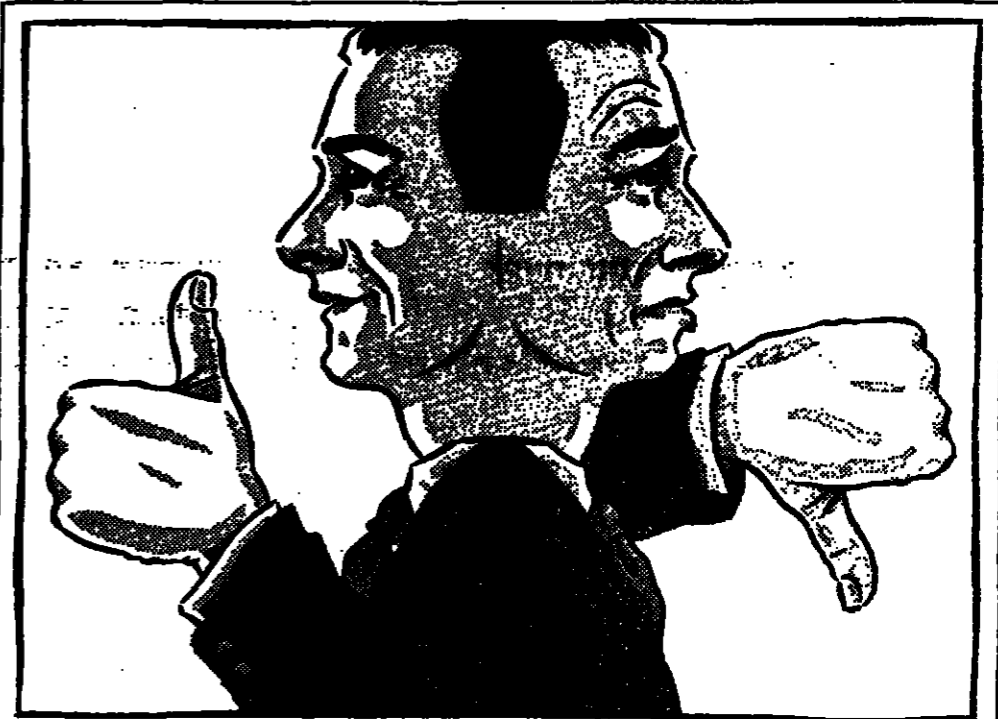
ACCORD Accord Publications plc
Placing by CAPEL-CURE MYERS of 1,017,500 Ordinary shares of 5p each at 125p per share

NEWAGE TRANSMISSIONS plc
Placing by CAPEL-CURE MYERS of 3,518,925 Ordinary shares of 5p each at 75p per share

D.V. Davies plc
Placing by CAPEL-CURE MYERS of 1,250,000 Ordinary shares of 5p each at 155p per share

The Shield Group plc THE SHIELD GROUP PLC
Placing by CAPEL-CURE MYERS of 1,200,000 Ordinary Shares of 5p each at 72p per share

Miller and Santhouse MILLER AND SANTHOUSE PLC
Placing by CAPEL-CURE MYERS of 1,428,572 Ordinary shares of 5p each at 105p per share



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65 Holborn Viaduct, London EC1A 2EU.
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US\$250,000,000 SECURITY PACIFIC CORPORATION
Floating Rate Subordinated Capital Notes due 1997
Noteholders are advised that for the interest period from August 21, 1986 to November 20, 1986 inclusive, the sum of US\$157.50 will be payable on the interest payment date, November 21, 1986, per US\$10,000 Principal Amount of Notes.
The Chase Manhattan Bank, N.A. London, Agent Bank

I.G. INDEX
FT for November
1,965-1,278 (-15)
Tel: 01-528 5099

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Handwritten note: 10/21/86

LONDON RECENT ISSUES

Table of EQUITIES with columns for Stock, Price, Change, etc.

Table of FIXED INTEREST STOCKS with columns for Stock, Price, Change, etc.

Table of 'RIGHTS' OFFERS with columns for Stock, Price, Change, etc.

AUTHORISED UNIT TRUSTS

Large table listing various unit trusts and their details.

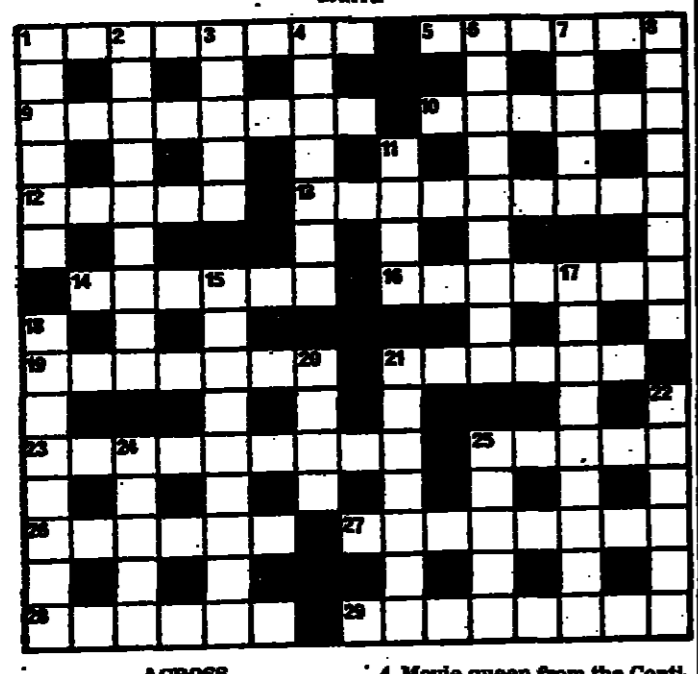
FT UNIT TRUST INFORMATION SERVICE

Large table providing detailed information for various unit trusts.

Table listing various financial products and services.

F&C Financials advertisement: 1% discount extended until October 24th on investments of £2,500 and over.

FT CROSSWORD PUZZLE NO. 6,156



ACROSS and DOWN clues for the crossword puzzle.

Solution to Fuzzle No. 6,155

فوز احمد الاحول

INSURANCE, OVERSEAS & MONEY FUNDS

Table listing various insurance and overseas funds with columns for fund name, company, and numerical values.

Table listing various overseas funds with columns for fund name, company, and numerical values.

Table listing various money funds with columns for fund name, company, and numerical values.

Table listing various money market bank accounts with columns for account name, bank, and numerical values.

Table listing various money market trust funds with columns for fund name, company, and numerical values.

OFFSHORE AND OVERSEAS

Table listing various offshore and overseas funds with columns for fund name, company, and numerical values.

Table listing various offshore and overseas funds with columns for fund name, company, and numerical values.

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Table listing various money market bank accounts with columns for account name, bank, and numerical values.

Table listing various money market trust funds with columns for fund name, company, and numerical values.

NOTES

Prices are in pence unless indicated and most are quoted with a profit rate of 1.5%.

TRADITIONAL OPTIONS

Table listing various traditional options with columns for option name, company, and numerical values.

LONDON SHARE SERVICE

BRITISH FUNDS

Table of British Funds with columns for Name, Stock, Price, and % change.

AMERICANS - Cont.

Table of American Stocks with columns for Name, Stock, Price, and % change.

BUILDING, TIMBER, ROADS - Cont.

Table of Building, Timber, and Roads stocks with columns for Name, Stock, Price, and % change.

DRAPIRY & STORES - Cont.

Table of Drapery and Stores stocks with columns for Name, Stock, Price, and % change.

ELECTRICALS

Table of Electrical stocks with columns for Name, Stock, Price, and % change.

ENGINEERING - Continued

Table of Engineering stocks with columns for Name, Stock, Price, and % change.

INDUSTRIALS - Continued

Table of Industrial stocks with columns for Name, Stock, Price, and % change.

CANADIANS

Table of Canadian stocks with columns for Name, Stock, Price, and % change.

CHEMICALS, PLASTICS

Table of Chemical and Plastic stocks with columns for Name, Stock, Price, and % change.

DRAPIRY AND STORES

Table of Drapery and Stores stocks with columns for Name, Stock, Price, and % change.

BEERS, WINES & SPIRITS

Table of Beer, Wine, and Spirit stocks with columns for Name, Stock, Price, and % change.

FOOD, GROCERIES, ETC

Table of Food and Groceries stocks with columns for Name, Stock, Price, and % change.

HOTELS AND CATERERS

Table of Hotel and Caterer stocks with columns for Name, Stock, Price, and % change.

INDUSTRIALS (Misc.)

Table of Miscellaneous Industrial stocks with columns for Name, Stock, Price, and % change.

Over Fifteen Years

Table of funds with a track record of over fifteen years.

INT. BANK AND O'SEAS GOV'T STERLING ISSUES

Table of International Bank and Overseas Government Sterling issues.

CORPORATION LOANS

Table of Corporation Loans.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth and African Loans.

LOANS

Table of Loans.

Public Board and Ind.

Table of Public Board and Industrial issues.

FOREIGN BONDS & RAILS

Table of Foreign Bonds and Rails.

AMERICANS

Table of American stocks.

BANKS, HP & LEASING

Table of Banks, Home Products, and Leasing stocks.

NINE PURCHASE LEASING, etc.

Table of Nine Purchase Leasing and other related issues.

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INDUSTRIALS—Continued

Table of industrial stocks including Shell, ICI, and various engineering firms. Columns include stock name, price, and other financial metrics.

LEISURE—Continued

Table of leisure and entertainment stocks including cinema chains and holiday resorts.

PROPERTY—Continued

Table of real estate and property investment trusts.

INVESTMENT TRUSTS—Cont.

Table of investment trusts and funds.

FINANCE, LAND—Cont.

Table of financial and land-related stocks.

MINES—Continued

Table of mining stocks from various regions.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft industry stocks.

NEWSPAPERS, PUBLISHERS

Table of newspaper and publishing stocks.

SHIPPING

Table of shipping and maritime stocks.

SHOES AND LEATHER

Table of shoe and leather goods stocks.

SOUTH AFRICANS

Table of South African stocks.

TEXTILES

Table of textile industry stocks.

INSURANCES

Table of insurance company stocks.

PAPER, PRINTING, ADVERTISING

Table of paper, printing, and advertising stocks.

TOBACCO

Table of tobacco industry stocks.

TRUSTS, FINANCE, LAND

Table of trusts, finance, and land stocks.

PLANTATIONS

Table of plantation stocks.

OVERSEAS TRADERS

Table of overseas trading stocks.

LEISURE

Table of leisure stocks.

PROPERTY

Table of property stocks.

FINANCE, LAND, etc

Table of finance, land, and other stocks.

MINES

Table of mining stocks.

REGIONAL & IRISH STOCKS

Table of regional and Irish stocks.

Far West Rand

Table of Far West Rand stocks.

Handwritten note in a box at the top center of the page.

Notes section containing various financial disclosures, company announcements, and legal notices.

Recent Issues and Rights Page 27 (International Edition Page 26) - Information about stock issues and rights.

روزنامه اقتصادی

WORLD STOCK MARKETS

Table of world stock markets including Australia, Germany, Norway, Austria, Japan, Canada, France, Italy, Netherlands, and Switzerland. Columns include country, stock name, price, and change.

Table of Canadian stock markets including Toronto and Montreal. Columns include stock name, price, and change.

Table titled 'OVER-THE-COUNTER' showing Nasdaq national market closing prices for various stocks.

Table titled 'Indices' showing closing prices for various stock indices such as the Nikkei, Dow Jones, and others.

Advertisement for Sheraton hotels, featuring the text 'COME TO THE GULF' and 'COME TO SHERATON' along with an image of a hotel building.

Table titled 'NYSE COMPOSITE CLOSING PRICES' showing closing prices for various NYSE stocks.

Advertisement for Sheraton hotels, featuring the text 'While in Hamburg' and 'ABU DHABI, U.A.E. ABU DHABI SHERATON'.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Main table containing stock prices for various companies, including columns for stock name, price, and volume. Includes sub-sections for 'D D D', 'G G G', and 'H H H'.

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NYSE COMPOSITE CLOSING PRICES

AMEX COMPOSITE CLOSING PRICES

Main table of NYSE Composite Closing Prices, listing various stocks with columns for stock name, price, and change.

Main table of AMEX Composite Closing Prices, listing various stocks with columns for stock name, price, and change.

OVER-THE-COUNTER Nasdaq national market, closing prices

Main table of Over-the-Counter (Nasdaq) closing prices, listing various stocks with columns for stock name, price, and change.

Continued from Page 42

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Continued on Page 41

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Notes: These figures are unaudited. Yearly high and low reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounted to 25 percent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual distributions based on the latest declaration.

